

NOV 24 1931

THE

NOV 25, 1931

BUSINESS
WEEK ♦

The easing of banking strain from both internal and external sources is still the outstanding symptom of underlying improvement in the domestic situation. Prospects of speedy attack on the reparations and private debt problems of Germany are promising in the European picture . . . Surface signs of actual improvement in activity are still confined to the somewhat mysterious out-of-season steadiness in raw steel production, despite slackness in structural and railroad requirements and delay in new-model automotive specifications . . . All other current indications of industrial and trade activity continue to show more than seasonal weakness, depressing our index to lower levels for the first half of November and making it uncertain whether the month as a whole will supply the first faint sign of stabilization or upturn from the October low point which sentiment expects . . . Continued liquidation of bank credit, renewed weakness in security and commodity markets and high commercial mortality records are indications of the difficulties and irregularities of adjustment inevitable at the end of a prolonged and drastic deflation . . . In face of the year-end settlement period, the uncertainties in the foreign situation, and the formidable fiscal and other problems which confront the new Congress, it is to be expected that these difficulties of readjustment will be intensified in the closing weeks of the year and continue until the usual spring up-swing supplies new stimulus to business and speculative sentiment.

15 CENTS

McGRAW-HILL PUBLISHING CO., INC.

2 C
ANN ARBOR MICH
GENERAL LIBRARY
UNIVERSITY OF MICHIGAN GS



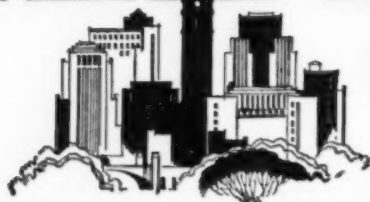
5 Reasons For Bringing Your Business to Philadelphia

- 1.** You will be at the center of the country's greatest market.
Ask for booklet "Distribution Efficiency Applied to Plant Location".
- 2.** Unexcelled transportation facilities for reaching all parts of the home market and foreign markets as well.
Ask for booklet on "Transportation".
- 3.** Skilled, intelligent workers with craftsmanship as their heritage and the pride of home ownership contributing to dependability and greater productivity.
Ask for booklet on "Labor".
- 4.** Living conditions and cultural advantages that meet the needs of and inspire both workers and executives.
Ask for booklet "The Real Philadelphia".
- 5.** Favorable rates for power—electric, gas and coal.
Ask for booklet on "Power".

There are many other reasons why Philadelphia should prove advantageous to your business and we are ready to prepare specific information for you without cost or obligation if requested on your business letterhead.

Address Department S.

PHILADELPHIA



Business Progress Association
1442 Widener Building Philadelphia

What's In This Issue —And Why

Mortgage Banks

HOOVER'S plan to mobilize residential mortgage money can be of little immediate help; but, in spite of objections and difficulties—and they are many—some such organization seems worth the trouble, may be one of the good things to come out of bad times. (page 5)

Railroads

WHAT they call the "dole feature" of the I.C.C. decision doesn't appeal to the railroads. They have asked the Commission to let them *loan*, not give, the proceeds of the rate increases to the weaker lines. A Railroad Credit Corp. with broad powers is proposed. (page 7)

NEW YORK CENTRAL'S president-elect is a big man any way you look at him, a practical railroader with a genius for cooperation. (page 30)

Price War

LINOLEUM prices are cracking, buyers hesitating at the very beginning of the season; all because the big leaders of the industry under the pressure of the times have suddenly abandoned their traditional cooperation in a scramble for business at cost—or less. (page 9)

Macy's Motto

WITH the sting removed from its controversial "6% under" line, Macy's competitors have the chance to learn whether the store's success is due to "unfair" advertising or just smart merchandising. (page 10)

Case Study

THE BUSINESS WEEK takes an important city apart to see what happens to trade when banks fail, finds a surprising calmness and a healthy confidence that buying now postponed will eventually come back with a rush. (page 16)

New Products

SIGNIFICANT in radio is the development of a

new cheap tube which operates "cold" without filament or A-battery; parent of the tube; equally significant is a wired radio system. . . . Also of interest: a new lacquer which needs no polishing; an electric tabulating and accounting machine which is automatically accurate. (page 13)

Naval Stores

TURPENTINE, rosin, and tar—those products of the Southern pines still called, romantically, "naval stores"—are apt to get a conservation committee for their own good. (page 30)

Oil

BY law, oil goes with the land; but by geology, oil goes where it pleases, enabling John Doe to pump it out from Richard Roe. Now, oil men have a "new conception" of ownership which is better for all. (page 12)

Relief

DRIVES for funds are meeting their quotas; but salary cuts and so forth have taken their toll of the once-important 5 and 10 dollar gifts, and bigger contributions make up the bulk of the totals. (page 31)

Canada

"BUY DOMINION" is a pardonably patriotic sentiment, but it cuts down sorely needed customs revenues; even an increased sales tax will not provide sufficient federal income. (page 32)

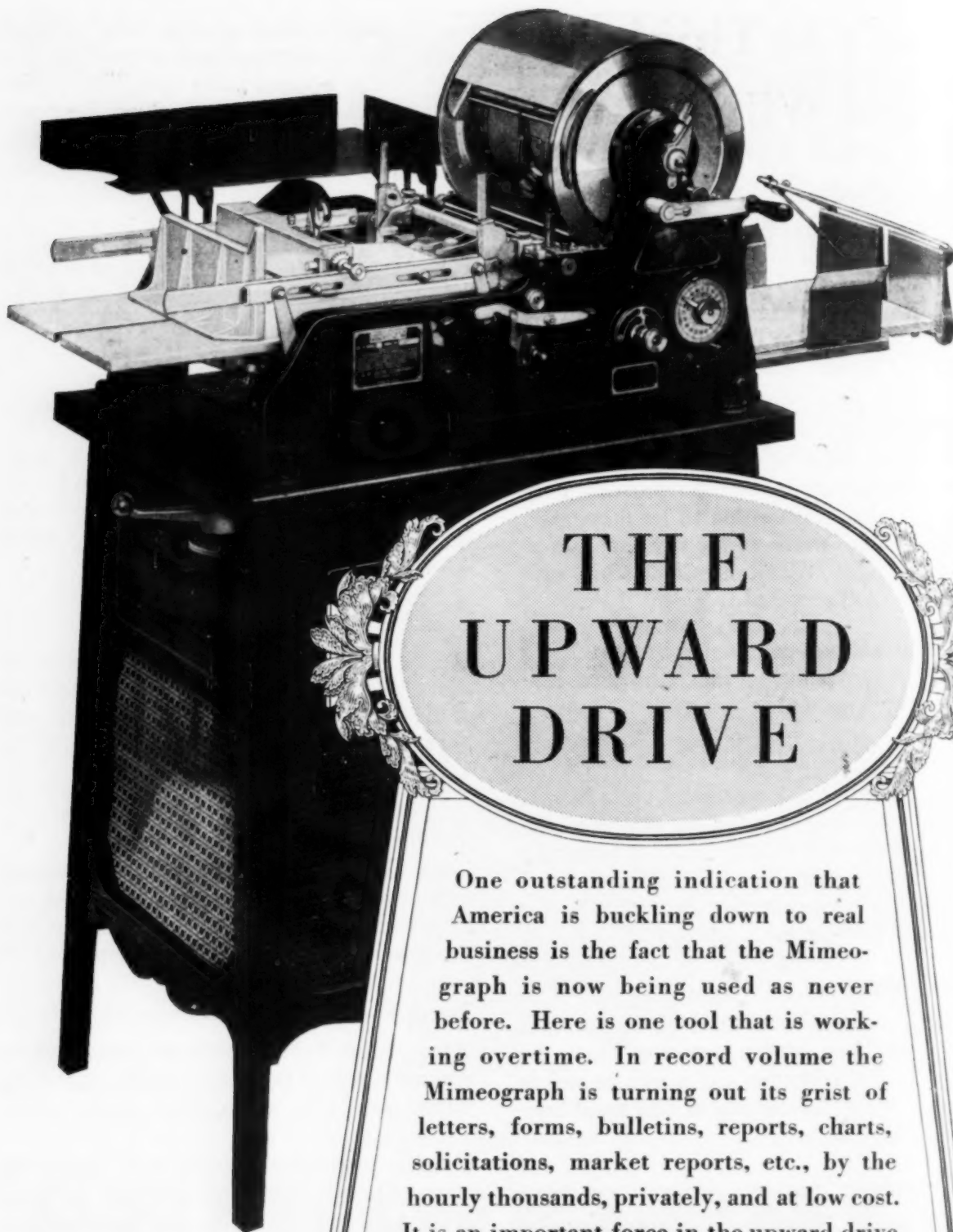
Europe

As expected, Britain made the stern gesture; greatest threat of the anti-dumping tariff is the uncertainty of its application. (page 32)

FRENCH tariffs climb swiftly to counteract depreciated currencies. . . . German gold reserves, at a new low, bring the Reich decree to commandeer foreign exchange on exports. (page 35)

Soviet Trade

UNABLE to "charge it" freely at our store, discouraged by cold treatment, the Russians are taking their trade elsewhere, reducing their American staff. (page 32)



THE UPWARD DRIVE

One outstanding indication that America is buckling down to real business is the fact that the Mimeograph is now being used as never before. Here is one tool that is working overtime. In record volume the Mimeograph is turning out its grist of letters, forms, bulletins, reports, charts, solicitations, market reports, etc., by the hourly thousands, privately, and at low cost. It is an important force in the upward drive. Let us demonstrate how it can save time and money for you. » » Address A. B. Dick Company, Chicago, or consult classified 'phone directory.

THE BUREAU
MIMEOGRAPH
CHICAGO

H
B
Cri
org
PRES
zation
will
help
be o
press
sentin
real
De
tion
mort
(B
from
long
much
count
mark
Fu
mort
mort
more
surpl
be le
equal
home
now
tions
able
at ne
on th
on he
Th
achie
Feder
redisc
in W
ing t
12 F
tions
\$30
about
scribe
gover
again
capita
are p
as col
NOV

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending November 21, 1931

Home Mortgage Banks Will Help, But Probably Not Right Away

Criticism of many opponents likely to delay
organization and cause modifications

PRESIDENT HOOVER's proposed mobilization of residential mortgage money will be a constructive development, helpful for the future. It probably will be of little real aid in the present depression, except that it may improve sentiment and tend to make any further real estate liquidation more orderly.

Demand for some national institution to act as a pool for residential mortgage money is of long standing (BW—May20'31; Jun10'31). It arises from the feeling that the market for long-term and intermediate credit is much less adequately organized in this country than the short-term money markets.

The Plan's Aims

Fundamental advantages of the mortgage bank plan: (1) Residential mortgage money would be distributed more equally throughout the country; surplus funds from one district could be lent in others. This would tend to equalize interest rates and to encourage home building in regions where it is now retarded. (2) Financial institutions lending on mortgages would be able to rediscount loans to get funds at need. This would ease the strain on them and enable them to be easier on home owners.

These aims the President proposes to achieve by having Congress establish a Federal Home Loan system of mortgage rediscount banks supervised by a board in Washington and, tentatively, operating through one bank in each of the 12 Federal Reserve districts. He mentions capital of from \$5 millions to \$30 millions for each bank, to total about \$150 millions for the system, subscribed by mortgage lenders, or by the government if necessary. Bond issues against mortgage collateral to 12 times capital, or \$1.5 billions as a maximum are proposed, the bonds to be acceptable as collateral for government and postal

savings deposits. Rediscounts would not exceed \$15,000 on any single piece of property, would be limited to 50% to 60% of the face of the mortgage, which in turn would be limited to 50% to 60% of the appraised value of the



International News
SIGNOR GRANDI—Italy's Foreign
Minister clammers down the ship's
ladder at Quarantine, on his way
to talk with President Hoover

property. Nothing would be lent upon defaulted mortgages.

The President believes that a large deficit in individual homes has accumulated during the depression; he feels that this plan would permit some building, and to that extent help end the depression.

No immediate results seem likely, however. Many difficulties remain to be worked out. They can be solved in time but probably not at once.

Big Properties Excluded

The plan by its deliberate limitations cannot do anything to help out the serious situation in large properties with big bond issues in default, or near it.

Congress will take a long time for consideration. Many Congressmen have other plans to aid real estate, and some states are considering various measures. Even after Congressional enactment, it will be difficult to get the capital subscribed under present market conditions.

When it comes to the final stage of public participation, real estate bonds of any nature have a bad reputation due to the performance of the large volume issued in recent years and to the depreciation of securities of the Federal Farm Loan system.

Governmental subscription of the funds would increase the Treasury deficit, and thus its borrowing, almost unthinkably; would put the government in the real estate business. The bonds would almost have to be tax free to make them readily saleable, and that provision will be fought hard by authorities who are very loath to provide additional means to escape taxation.

Opposition Inevitable

Opposition from several sources is almost certain to develop. The cry of inflation has already been raised, seems to have some basis despite Presidential denial. Already the charge is heard that any stimulation the plan gives home building would be artificial, and thus would depreciate the value of homes already built. Government subscription of funds would cause further depreciation of existing government securities.

The plan also seems to some critics an incorrect approach to the problem, in that it seeks to establish one institution to serve several types of financing which are fundamentally different. The

possible subsidy to bad management, a move to prevent a needed housecleaning, and an attempt to make liquid a security inherently not liquid, are objections raised.

Several other problems would need to be met, including establishment of some standard appraisal method, solution of the real estate tax problem, and modification of the foreclosure laws.

Worth the Trouble

However, in spite of objections and difficulties, some such plan seems worth working out.

Theoretically the plan is of significance to home owners, real estate operators, and building supply people, and to 4 major groups of financial institutions. These are the insurance companies, the savings banks, building and loan associations, and commercial banks and trust companies. In the aggregate these 4 groups have more than \$25 billions of real estate loans.

Banks and trust companies have mortgage loans of about \$5 billions, of which \$3.2 billions are held by Federal Reserve members. Mortgage loans of Federal Reserve member banks constitute about 9% of resources, while in the remaining state banks the percentage is considerably higher. Insurance companies have some \$6.3 billions of mortgage loans, 40% of their assets.

\$15 Billions More

Mutual savings banks have some \$5 billions of mortgage loans, 54.6% of their assets. The building and loan associations have assets of more than \$10 billions, practically all in mortgage loans.

However, the extent to which these various groups are behind the President's plan is in considerable question. Building and loan associations have always favored a separate institution for their own members only, though their officers have now endorsed the President's plan. The commercial bank and trust companies have no organized opinion, but already are being helped by the National Credit Corp. and have relatively smaller percentage of their assets in mortgage loans.

Mutual savings banks have never taken a definite stand on the question and did not participate in any important way in the formulation of the project. Insurance companies were not mentioned in the plan, and have heretofore steadily stated that they do not need such an organization. Real estate operators and building supply companies are generally behind the plan, while no separate organization of home owners exists.

Land Banks Measure Strain On Farm Mortgage Lenders

THE effect of the agricultural depression on farm mortgage lending institutions is stripped of all possible camouflage by the Sept. 30 report of the Federal Land and Joint Stock Land Banks. While their showing is probably worse than the average for farm mortgage lenders, they portray the trend and the reasons for moratorium demands for this indebtedness. The low level at which agricultural resources—and therefore purchasing power—stand is clearly indicated.

The total of delinquent payments, sheriffs' certificates and real estate owned by the Federal Land Banks rose about 27% in the 6 months from March 31 to Sept. 30, and was 56% higher on that date than a year earlier. Advances which these banks have had to make to pay taxes rose 14% in 6 months and 58% in the year. Delinquencies and

real estate taken over constituted on Sept. 30 4.4% of the net mortgage loans of these banks, compared with only 2.8% a year earlier.

The banks' delinquent instalments were up 35% in 6 months, 117% in a year. Sheriffs' certificates and judgments were up 35% in 6 months, 64% in a year. Real estate holdings rose 22% in 6 months, 35% in a year.

The experience of the Joint Stock Land Banks was somewhat worse. Delinquencies, foreclosures and real estate owned made up 7% of their net mortgage loans on Sept. 30 against 4.4% a year earlier. Their total of delinquencies, sheriffs' certificates, judgments and real estate owned on Sept. 30 was 27% above the level of 6 months earlier and 53% above that of a year earlier.

The large rise in distress farm land shown by these statements explains the pressure behind the various movements to relieve farm land owners. The de-



THE GARNERED CROP—Next Speaker of the House, so they say, John Nance Garner, of Texas, is for the moment, absorbed in his pecan crop

mand for moratorium in interest or principal payments heard in many parts of the country, is certain to have considerable backing in the agricultural delegation in Congress this winter.

The combined farm loans of the Federal Land and Joint Stock Land Banks on Sept. 30 amounted to \$1,724 millions. These are only a comparatively small portion of the total mortgage loans on farm land. Insurance companies, and banks, especially state banks, hold a much larger bag.

Copper Conference Fails; Await Belgian Move

THE New York conference of world copper producers broke up Nov. 17, after nearly a month of discussions, without reaching agreement on curtailment. Hope of restriction has not been abandoned completely. There is still a possibility that the Belgians, chief obstacle to the accord, will modify their position when they reach home and discuss the whole matter with their government.

Size of curtailment was the great

stumbling block. The large American producers proposed that copper operations should be cut to one-fourth of capacity, which would bring world production down to about 65,000 tons a month—half of the present rate of output and substantially below the current level of consumption. Only through such a drastic move can the large stocks of unsold copper be reduced, they said.

Difficulty was encountered in determining to what amount Katanga's output should be cut, since there is much difference of opinion as to its productive capacity. The other producers at first wanted to concede Katanga a maximum capacity of not more than 400 million lbs. a year; later, they raised the figure to 432 millions. But the Belgian representatives stuck at 500 millions.

Furthermore, the proposal to cut operations down to 26% of capacity did not meet with general approval. The Katanga producers considered it as imposing too great a hardship and the smaller producers did not view it with favor.

The breakdown had an unsettling effect on the market; copper prices dropped 6.75¢.

out before dipping into the pool. This interpretation cannot be read into the railroad proposal.

There are also differences between the roads and the I.C.C. on technical details of applying rate increases.

If the carriers get their way, loans from the pool will run for 2 years and be renewable for 2 more, but must be repaid before the borrowing road declares a dividend. Collateral, "best available," will be subject to the credit corporation's discretion. Interest will be at the prevailing New York Federal Reserve rediscount rate, adjusted quarterly.

All Districts on Board

Plans for the Railroad Credit Corp. place its administration in the hands of 5 directors representing the Eastern district (including 1 from New England), 3 the Western, 2 the Southern, and 1 the short lines; the twelfth, a director-at-large, to be president of the corporation. All are to serve without compensation.

The corporate powers of the proposed institution are much broader than its immediate function and it is anticipated that if President Hoover should launch other rail relief measures, the Railroad Credit Corp. would serve as the nucleus.

However, the carriers are none too confident that their plan will go through. Some members of the I.C.C. are believed to be opposed to the loan idea, some to be lukewarm. Rejection seems to be more likely than approval. If the plan is adopted, it will be by a very narrow majority.

Meanwhile, the special labor committee appointed by the railroad executives last week is meeting with rail union representatives in a discussion of questions related to employment. It is believed that these discussions will be confined to matters of general policy with details left for negotiations between managements and unions on individual roads, to be handled in the manner prescribed in the contracts.

Canadian Roads Share Traffic and Economies

WHILE others continue to advocate amalgamation (*BW*—Oct 7 '31), Canada's 2 great railroad systems are trying to find a way out of their difficulties through greater cooperation. Negotiations to this end have been in progress for many months and recent developments seem to indicate that an understanding has been reached.

The first major evidence of the new

Railroads Turn I.C.C. "Pool" Into a Credit Corporation

**Ask O.K. on organization to make loans, not gifts,
perhaps to act as agency for other relief measures**

AFTER a long tussle, the railroads threw into the lap of the Interstate Commerce Commission this week their alternative plan to prevent "so far as practicable" defaults by roads unable to meet interest charges.

It does not represent unanimous agreement among themselves and several of its features require clarification to bring out their real significance. The commission is expected to call a hearing for this purpose. However, major issues are clearly drawn.

The commission proposed that revenues from the proffered rate increases be pooled. The carriers agree to this, as expected; but, also as expected, they call for distribution of the pooled proceeds to the needy lines, not as doles, but as loans. They would have these handled by a "Railroad Credit Corp." patterned after the National Credit Corp. set up to aid banks in precarious financial condition.

The commission stipulated that any road which takes the option of exempting any traffic from the full raise prescribed must still turn over to the pool the full increase for which such traffic is earmarked—apparently done to prevent a general breakdown of the scheme if one or more big systems refused to increase their rates. The carriers ask the commission to eliminate this requirement; claim that a contribution from their present revenues would raise practical, if not legal, difficulties.

The commission intended its plan to aid all freight-carrying roads facing a deficiency in earnings below interest charges but not already in default or in receivership. The railway executives would deny relief to carriers too far gone to meet interest charges or avoid default even with the aid of pool loans.

The commission's plan has been interpreted as contemplating that roads in the same system should help each other

policy is an agreement made for 10 years regarding Atlantic freight and passenger traffic. The Canadian National will solicit passengers and freight for Canadian Pacific ships, while the C.P.R. will turn over part of its steamship traffic to the Canadian National rails and make Halifax a regular port of call for its ships during winter. This is the first concerted effort to keep the Dominion's Atlantic business in Canadian hands. Formerly, the Canadian National showed preference to outside steamship lines rather than the Canadian Pacific in booking passengers or shipping freight across the Atlantic. Cunard and others will be affected by the change.

Reductions in Service

Another move by the 2 railways seems to indicate an official understanding on train service generally. On Nov. 22 the Canadian National will put into effect a reduction in service that will result in a saving of 3 million passenger-miles a year. On the same date the Canadian Pacific also will reduce its service by approximately 1 billion passenger-miles.

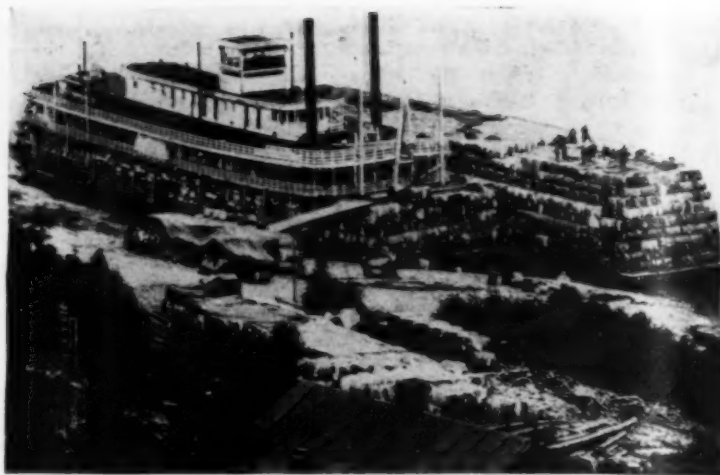
Other steps will probably follow in an effort to eliminate the highly competitive situation, which has resulted in an over-expanded service that is proving highly unprofitable.

Meanwhile, the Canadian government is going ahead with the plan of appointing a commission to investigate the Dominion's entire transportation. Among the members of this body will be Lord Ashfield, chairman of the London Underground Electric Railways and former general manager of the Detroit United Railway and the Public Service Corp. of New Jersey.

Santa Fe Has New Plan For Store-Door Service

THE Atchison, Topeka & Santa Fe Railroad will inaugurate a pickup and delivery service for less-than-carload freight in California and southern Arizona early in December. This service will be given without additional cost (in some instances, freight charges will actually be lower) and will include the handling of C.O.D. shipments. Allowances will be made to shippers who provide their own deliveries.

The Santa Fe will be the first railroad to undertake this new form of service on the basis of contracts with local transfer concerns. Other roads starting it have formed subsidiary companies for pickup and delivery of freight.



COTTON FOR NEW ORLEANS—The "Tennessee Belle" takes on a cargo of cotton at Vicksburg, 4,000 bales on the barge and between decks.

Barge Line Cotton Rate Gives Washington a Delicate Problem

THE administration is confronted with a delicate task in finding a solution to the cotton rate controversy between the railroads and the government-owned Mississippi barge line. If it upholds the claims of the roads that the barge rates are too low, shippers and farmers will be resentful. And if it decides in favor of the barge line, rail carriers will have something more to add to their charges against the unfair competition of government-subsidized services.

The cotton rate issue broke out when on Oct. 6 the Inland Waterways Corp., which operates the federal barge line, put in a rate of \$1 a bale on cotton in 2,000 bale lots shipped from the Memphis area to New Orleans. This is equivalent to 20¢ per 100 lbs., compared with the rail rate from Memphis to New Orleans of 75¢.

Claiming that this rate would be ruinous to competing rail services, 15 roads headed by the Missouri Pacific and the Illinois Central began at once to protest. The Interstate Commerce Commission declined to intervene on the ground that it has no jurisdiction over port-to-port barge rates. They then took their appeal directly to the President. On Oct. 17 the barge line rate on cotton was suspended, pending an investigation.

The War Department has now completed a careful study of the case and its findings are in the hands of War Secretary Patrick J. Hurley. At the same time, Maj. Gen. T. Q. Ashburn, head of the government barge line, has sub-

mitted recommendations of the Inland Waterways Corp.'s advisory board regarding the cotton rate. It is generally believed that these recommendations are in favor of restoring the low rate.

The entire matter is regarded as being of far-reaching importance to the transportation situation. If the suspended rate is cancelled permanently, it will constitute a precedent and will indicate that henceforth the barge line's competition will be restricted.

Mr. Hurley has made it clear that he does not approve of government competition with private business, but he has stated on numerous occasions that the barge line is being operated merely to develop interest in inland waterway navigation and will be sold to private management as soon as it has made its demonstration convincing.

Shippers Protest

Meanwhile, there have been the inevitable repercussions from congressmen and shippers from the Mississippi valley. Senator Shipstead has communicated to President Hoover the protests of the wheat farmers. In common with all large shippers over the barge line they fear that the suspension of the low barge load rates on cotton may encourage the railroads to seek an upward revision of the barge line's entire rate structure. Moreover, Senator Brookhart has given a warning that he will demand investigation of the rate-making policy of the Inland Waterways Corp. if the low cotton rate is not restored.

Hard Times Strain, Price Cuts Break Up Another Happy Family

**Linoleum makers finally fall from grace,
start a quarrel at an unfortunate time**

THE rough and tumble going on in the floor-covering field is no free-for-all but a very private fight. On the linoleum mat, the 3 giants of the industry are grimly swapping price punches. Clustered around are the smaller manufacturers, the dealers, and the cash customers. Only the ultimate consumers are cheering; the rest of the spectators have that innocent-bystanding look which says all too plainly, "This hurts me as much as it does you."

It all began Nov. 9. Up to then, the industry had gotten along with the minimum of internal friction. With the Linoleum and Felt Base Manufacturers Association policing the premises, constructive cooperative activities had been promoted of benefit to manufacturer, distributor, and consumer alike. The

industry, of course, had suffered along with the others; prices fell—but quietly—during 1930 and 1931; but no one manufacturer attempted to beat the depression by selling below cost.

Then overproduction and heavy inventories got in their digs. One of the largest factors in the industry came out with a 1932 price list that showed important reductions on volume-building numbers—and the fight was on.

The very next day, Giant No. 2 announced reductions ranging from 5% to 35%, cut deeply below prices of Giant No. 1. Even on staple items such as 9x12 rugs, Giant No. 2 went from \$5.12 list to \$4.77. Grade "D" straight line linoleum was dropped from \$1.12 to 99¢.

Giant No. 1 countered the following

day by meeting most of those reductions with alacrity if without real pleasure.

This brought Giant No. 3 into action, with further cuts on the important items in each line. On what the trade considers fairly comparable goods Giant No. 3 cut the price of 9x12 rugs to \$4.67 and dropped the "D" line linoleum to 87¢.

Again Giant No. 1, quite able to maintain its position at any cost, responded quickly, issued the third price list in 5 days, met the prices of Giant No. 3 practically all along the line and thereby substantially gave notice that it would play the game just as long as the others cared to.

Unexpected Tactics

These unexpected defensive tactics of Giant No. 1 caused the other manufacturers to pause. They had always considered No. 1 somewhat of a stand-patter, one of the most stabilizing factors in the market, a stickler for ethics, and a believer in firm policies on prices as well as contracts.

Now they are speculating whether even an armistice would stop the war or just force it under cover, particularly where dealer contracts are concerned.

Traditional practice in the industry calls for regular wholesaler price lists, which substantially represent dealers' costs also, and constitute the base on which certain discounts are figured.

Times before now, large-quantity discounts have been granted to get small-quantity orders; it is feared that the stress of the times might make the practice general, perhaps voiding the beneficial influence of contract purchasing which has helped manufacturers to get satisfactory distribution.

The Wrong Time

Manufacturers, as well as distributors and wholesalers holding ringside seats, regret that the price quarrel has come at a time when genuine prospects for improvement of business were in evidence.

With dealers' and wholesalers' stocks low, any perceptible increase in public buying would have started some large volume orders toward the makers. Furthermore, the 1932 "opening" on floor covering is set for early December, and with new patterns, added style and price lines, manufacturers could have finished the year with some substantial business on the books for '32.

Instead, those in position to know feel that this fine exhibition of the giants will retard rather than stimulate dealer buying. No one knows how low prices may go. Dealers will starve their



THERE'S THE GOLDEN SPIKE!—Arthur Curtiss James appropriately smacks it into place, joining actually his Western Pacific and Great Northern interests. The spike was moulded of gold from famous California mines

International News

regular stock, lose sales because of insufficient selections, look for bargains with which to build volume. The regular flow of the industry's products to the consumer will be seriously interrupted.

Some manufacturers even believe that the present battle, if long continued, will definitely threaten the existence of the industry's major cooperative organization to which Armstrong Cork Co., Congoleum-Nairn, Inc., and Sloan-Blabon, Inc., are heavy contributors. Others are of the opinion that the present destructive price war, with its profitless selling, will forcibly demonstrate its own folly, mark the beginning of a new period of cooperation among all manufacturers and distributors.

Servantless Thursday Another Fish Day?

ANXIOUS to lift its major product out of the class of the one-day-a-week sellers, Atlantic Coast Fisheries Co. has been experimenting with the revolutionary idea of making quick-frozen fish steaks popular on Thursday as well as Friday. It now reports a real opportunity of increasing market.

The current economy drive in the kitchen provided the opening.

Many city and suburban dwellers have retained servants at the sacrifice of some other seemingly less essential expense. Thursdays being the traditional servant's "day out," the deserted family generally gets along as best it can on what is in the ice-box, or helps to swell the Thursday peak of some restaurant.

Announcements were sent to 5,000 such households describing tempting luncheons and dinners for 4 made ready in 20 minutes at a total cost not to exceed \$1. Quick-frozen fish steak was, of course, the pièce de résistance.

In 2 Westchester County cities the plan is working out. It may be extended to other territories as procedure is perfected.

Macy Capitulates By Action—Not Words

OFFICIALS of R. H. Macy & Co., New York department store, have said nothing since other merchants and the New York Better Business Bureau chalked "unfair" against the familiar tag line of Macy advertisements, which proclaimed that it was the store's policy "to undersell by at least 6% the marked prices of all its competitors, who do not sell exclusively for cash" (BW—

Oct14'31 and Nov11'31). But actions speak louder than words. The tag line has had a real change—2 of them.

Revision No. 1 read: "It is Macy's policy to sell its merchandise for at least 6% less than would be possible if it did not sell exclusively for cash."

Eliminated: (1) all reference to the prices of competitors; (2) the challenge to undersell; (3) the implied obligation to meet at "6% less" competitors' prices if a customer should complain and a Macy shopper prove his case. Retained: whatever there is controversial in "than would be possible."

Revision No. 2 (current version) makes the final renunciation. "It is a Macy policy to sell its merchandise for at least 6% less than it could if it did not sell exclusively for cash." Nothing about competitors, even by implication.

But competitors are postponing festivities until they are sure the experiments have ended on this conciliatory note; nor are they certain that the victory for principle means much for profits. Figures compiled by Advertising Record Co. show that Macy boosted its October morning newspaper lineage 68%, its evening lineage 50%, ahead of 1930 totals.

Economies, Not Margins, Set Shoe Chain Profits

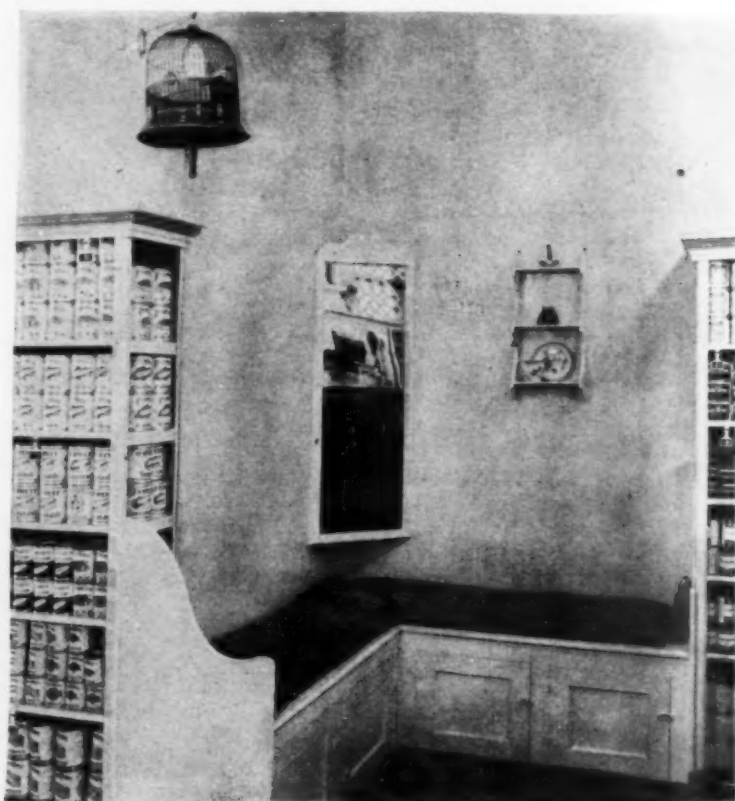
AT bottom the operation of a shoe chain differs little from that of a grocery chain. Profits are more certain to result from low operating expense than high profit margins, larger units are generally the best earners. These facts are brought out by a survey of 53 shoe chain store organizations, representing about 20% of the country's chain shoe business, just completed by the Harvard University Bureau of Business Research.

Of the 53 chains (1,361 stores), 31 concentrated on one type of store; the others operated 2 or more types; 21 sold shoes at \$5 or less; 15 specialized in shoes selling at over \$5; the remaining 17 had a varying price scale.

Low Price Chains

Comparisons based on prices of shoes carried showed that chains selling shoes at \$5 or less, had lower gross margins, lower payrolls, higher than average stock turnovers and a net gain of 2.3% against 2.4% for the entire group.

Performance of chains carrying women's shoes shows the decided influence of the style factor. Sales per store were double the average for all



GROCERIES DE LUXE—This New York grocery store provides homelike surroundings for housewife customers, canaries amid the canned goods

chains, gross margin 1.6% higher than average, stock turnover 4 times against 3.1 average for the group, but a bigger payroll and steeper rents pushed expenses up 2%, so that gain from net sales was 0.9% less than the group average.

Chains with 10 to 30 stores had the highest gross margin, 34.4%, paid less than average for payroll and rent expenses, showed a 3.3 times annual turnover, highest net gain on sales 3.6%.

Location of units is shown to have a definite effect on performance. With 80% of their units within 100 miles of warehouse and headquarters 16 chains, on a gross margin of only 32%, show a net gain of 2.6% on sales. An-

other 17 chains with units more widely scattered, on a gross margin of 34.4%, showed only a 2.3% net gain on sales.

The highest performance record was reported by 5 chains with 132 stores, selling shoes at over \$5, which, on a gross margin of 35.2%, made a 5.7% net gain on net sales, though expenses were above average and advertising expenditures were highest for the group.

Figures for the 53 chains show that, out of a 32.8% total operating expense, 14.4% (or nearly half) went for payroll, 8.2% for rent, 3.2% for advertising, while the net gain was 2.4% on net sales and 9% of net worth. Average stock turnover was 3.1 times.

(\$520,086,922) of the business but no type of chain dominates its field.

In the automotive group the 1,186 chains did 14.4% (\$1,377,959,137) of all volume while the 864 filling station chains account for 33.4% in their field.

Among the 40-odd other types of chains, 1,076 in all, which account for 16.0% (\$1,219,575,990) of the volume in their fields, cigar stores take only 24.6%, drug stores 18.5%, radio store chains 21.1%.

Classification according to type of chain shows that of the country's chain store business 44.6% goes to nationally operating systems, 22.5% to regional chains, 32.9% to strictly local chains.

The Chain Store's Invasion Still Has a Long Way to Go

It has cut deep into some lines but, in no important group, is independent's existence seriously threatened

FIGURES just released by the Bureau of the Census, U. S. Department of Commerce, show conclusively that penetration of chain store selling in the various branches of retail business is much less than was commonly supposed, has in practically no important group reached proportions that could seriously threaten the existence of independent merchants.

Chain stores in all important retail lines—7,046 of them—accounted for only 10% of the number of stores in existence but did 21½% of the country's retail business—a total of \$10,771,984,034 in dollar volume.

30% of General Merchandise

Chains obtained highest percentage in the general merchandise group where 664 of them did 30.8% (\$2,202,235,975) of total volume. This group is made up of department store, mail order and variety stores (5¢ & 10¢ to \$1). The volume obtained by the variety chains is to a considerable extent new business developed on new lines of utility and specialty merchandise. Sales of staple lines of hardware, candy, notions and foods by independents are only to a slight degree affected by their competition. The department store and mail-order chains take a certain volume from practically every line.

The 1,448 food chains captured 28.5% (\$3,508,923,218) of the country's total volume of food sales and a further breakdown shows that housewives no longer care to go to numerous

individually operated, perhaps widely separated, shops to do their marketing, but prefer to buy all they need as far as possible in one shop. Ordinary grocery chains did but 13.1% of total available volume; meat market chains with grocery departments took 9.6%, but grocery chains with meat departments took 71.3% and combined grocery and meat chains 33.3% of the business done in that type of store.

In dollar volume the grocery and meat chains, plus the grocery store chains handling certain meats, captured nearly 50% of all business done in chain stores in 1929.

While in the apparel group 1,243 chains did only 27.7% (\$1,197,087,311) of the country's total volume, and the group as such does not indicate dangerous penetration of chain store selling, some branches appear clearly dominated by chains. Shoe chains did 46.2%, clothing chains 40.6%, hosiery chains 58%, and hat and cap chains 75.7% of total volume in their class.

The 420 furniture chains accounted for 14.4% (\$447,272,058) of all furniture business.

Electrical appliance chains took 43.8% of total volume in their class and household appliance chains 45%.

The group of 287 restaurant chains accounted for 14.2% (\$298,843,423) of all restaurant volume.

The 722 chains in the lumber and building supply group did 14.3%

Advertisers Back Plan For Buying Revival

MANUFACTURERS, merchants, corporation heads assembled in unusual number for the convention of the Association of National Advertisers in Washington, heard with keen interest and approved by executive action the plan presented by Carl Byior, Havana newspaper publisher, for stimulating public buying.

Mr. Byior was one of the executives of the Committee on Public Information during the war. The plan for which he is spokesman contemplates reviving the war propaganda organization. Minute Men are to make 4-minute speeches to instill public confidence. Posters, newspaper space, radio, all the agencies of public appeal are to be used in carefully organized trade revival drives.

The idea, in scope and conception, goes far beyond earlier "Buy now" or confidence-begetting campaigns, and moreover has most impressive backing.

Refrigerator Earnings Show Success of Drive

THE annual report of Kelvinator Corp., first of mechanical refrigeration's "big 4" to close its fiscal year (Sept. 30) since the industry launched its million-unit sales drive (*BW*—Mar 11 '31), attests the success of that effort.

Net earnings increased 10% over those of last year. Orders, contracts in hand insure substantial 1932 gains.

Kelvinator kept production closely balanced with distribution, and, with record sales, reports inventories at a record low. Research expenditures for 1931, \$100,000 greater than in previous years, are to be expanded. New products have been developed.

Producers Have a New Answer To "Who Owns the Oil?"

Their "new conception" of fundamentals changes the old every-man-for-himself attitude to mutual benefit

ON an old interpretation of the migratory game laws rests the responsibility for much of the trouble in the petroleum industry. In the early days of oil, a certain Pennsylvania judge gave it as his judicial opinion that oil and gas belonged to the man who took them out of his land. Thus, if John Doe worked fast and pumped the oil out from under land belonging to Richard Roe, it was just too bad for Richard and all the little Roes.

The Roes of the oil fields, however, were no fools, fought well for well with the Does to get their share of the oil which knew no real estate boundaries. Under this devil-take-the-hindmost code, 2 wells blossomed where but 1 was needed; hundreds of fields were developed too fast; millions of cubic feet of gas, valuable in itself, were wasted, with a resulting loss of pressure which reduced ultimate recovery.

A New Principle

After all these years, oil men propose to change this fundamental. The American Petroleum Institute, in convention assembled, has formally accepted a "new conception of oil production" which prevents a man from pumping his neighbor's oil—incidentally vindicating Mr. Henry L. Doherty, who expressed the need for it 10 years ago and was called "visionary" for his foresight.

In his keynote speech, W. P. Z. German, of the Skelly Oil Co., defined this "new conception." Said he, "Each producer in a pool is entitled to an opportunity to receive directly or indirectly, and to enjoy, a fair and equitable share of the recoverable oil and gas from the pool in which his land is located, and he is entitled to have the pool so efficiently operated as to result in maximum recovery at a minimum of cost."

Making It Work

A committee of the institute's board of directors has been ordered to prepare and recommend within 60 days a comprehensive program for putting the new conception into operation.

Over 800,000 wells have been drilled in this country; at least twice as many as were needed. We continue to drill

about 25,000 new wells annually at a cost of about \$600 millions. With the "new conception" in force the methods now being used in the development of Kettleman Hills Pool in California, the Van Pool in Texas and a few others, would be extended to all major pools. Drilling costs would be cut in two, permit savings estimated at \$10 billions during the next 20 years.

Sound Legal Foundation

Under common law, no man may so use his own property as to injure unreasonably his neighbors. With this legal foundation, Mr. German believes that state legislatures can require unit operation, that agreement among producers to so operate their fields would not be found illegal.

There is even a Supreme Court opinion, by indirection, on the subject. The Oxford, Kan., city council once passed an ordinance that only 1 well could be drilled in each city block, and that all owners of property in that block, by paying their proportionate share of the costs, would receive their proper shares of the oil flowing from the common well. Thus the city did exactly what the industry now purposes to do on a national scale.

The ordinance was attacked in the courts, was approved by the U. S. Circuit Court of Appeals and the Supreme Court refused to review this opinion, thus giving it unofficial sanction.

Full Time Job

In preparation for a national drive for more efficient production methods, the Institute elected Judge Amos L. Beaty, of Phillips Petroleum Co., its new president and for the first time made it a full time, salaried office to enable him to devote all his energies to Institute work.

Citing the trend toward cooperative state action in the control of the oil business, Secretary of Commerce Lamont offered the agreement made a few months ago by Texas, Oklahoma and Kansas, with which other oil-producing states have joined, for a production quota for each state as the first definite step taken after 5 years of agitation.

There are 5 major difficulties to stabi-



AMBITIOUS ALLRED—James V. Allred, young attorney-general of Texas who seeks to throw out as illegitimate the oil marketing code born in travail and delivered by the Federal Trade Commission

lization of oil production, he said: No machinery for predicting market outlets; no machinery of enforcement to make a state adhere to its production schedule; no regulation of pipe lines; no way of correlating domestic and foreign production; anti-trust laws which prohibit agreements in restraint of trade. To overcome these defects he suggests: (1) an interstate compact, approved by Congress, to permit forecasting of demand and allotment of state quotas; (2) uniform state oil regulatory laws; (3) formation of a joint state-federal fact-finding body to treat foreign production.

Texas Casts a Doubt On Oil Marketing Code

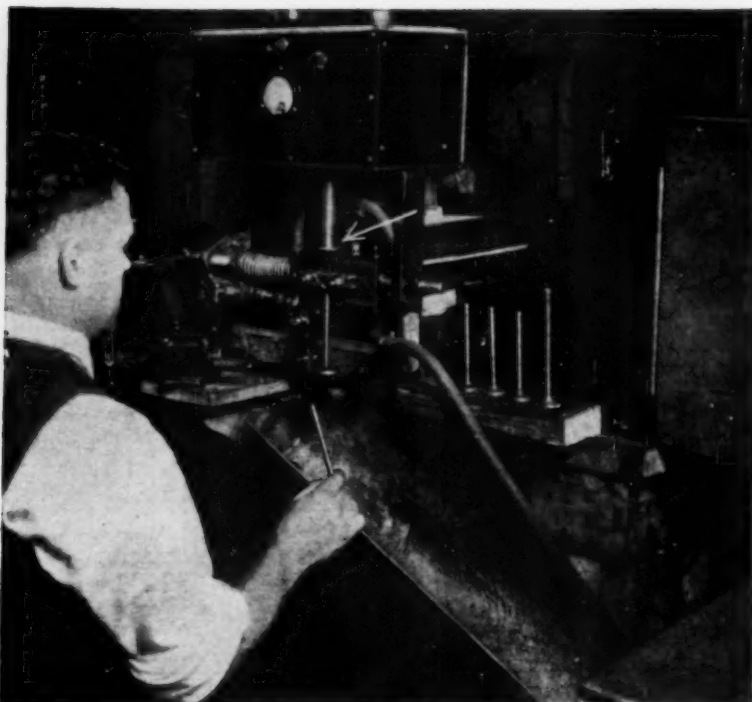
As an example of the difficulties it faces in trying to bring order out of the industry's chaos, the American Petroleum Institute convention was interrupted by the announcement that Attorney-General James V. Allred, of Texas, had filed suit under state anti-trust laws against the Institute and virtually every important oil producer in

SEVEN OF CALIFORNIA'S EIGHT LARGEST STEAMSHIP COMPANIES look to Bank of America for worldwide financial service. California's sea-borne commerce of more than \$500,000,000 yearly requires dealing in pounds and pesos, taels and yen, as well as American dollars. Bank of America reaches across an ocean to serve its depositors as safely and economically as the Bank's statewide system of 415 branches serves them in California. What service do you need? You are invited to correspond with Bank of America, San Francisco or Los Angeles.



BANK OF AMERICA
National Trust & Savings Association
CALIFORNIA

Bank of America National Trust & Savings Association, a National Bank and . . . Bank of America, a California State Bank . . . are identical in ownership and management . . . 415 offices in 243 California communities



COLOR DOES IT—Thompson Products uses the electric eye in heat-treating valves. Tips are heated electrically; at the right heat according to color, the eye shuts off the current, releases the valve into an oil quench

the country, charging that the industry's marketing code, recently revised and approved by the Federal Trade Commission, has permitted a trust and monopoly in Texas in violation of its laws.

The industry seems not particularly upset over it. Hearings will not be opened until January. Federal Trade Commissioner March asserts that the oil code is not illegal, that its approval by the commission was legal, that, to his knowledge, no rules of the code have been violated by the industry.

Attorney-General Allred is 33 years old, he has made spectacular attacks upon several other Texas public utilities including electric and insurance companies. Local observers are inclined to see in his latest move a bid for the governor's chair at the election next year; doubt that the suit will be successful.

Cold Tube Developed For Use in Wired Radio

AN unusually significant development in the radio field is a new filamentless radio tube which apparently does everything a 3-electrode tube can do but which operates cold, without vacuum, and costs only a few cents to make.

It is the work of Dr. August Hund of

the Ampere, N. J., laboratories of Wired Radio, Inc., subsidiary of North American Co., one of the largest owners of electrical utilities in the country. Wired Radio is developing a system for broadcasting over electric light wires. The new tubes will be used in transmission and reception devices in this system.

No Waiting

Electronics credits them with high amplification factors and negligible internal capacity. They have been used successfully as oscillators, modulators, detectors, and amplifiers. They require no A-battery, operate on the usual B-battery or plate-voltage supply only, function instantaneously with no waiting time for a filament to heat up. Several sizes have been made.

Wired Radio intends to introduce its radio programs over electric light wires on a monthly rental basis. Programs will include all forms of entertainment and educational features and will contain no advertising, support for the operations to be obtained from monthly rentals of the receiving equipment.

North American Co. controls the electric lighting companies in Cleveland, Detroit, Washington, St. Louis, Milwaukee and a number of other cities. First experiments with wired radio are being made in Cleveland.

New Lacquer Needs No Polishing

A NEW type of lacquer, suitable for automobile and general use, which produces a brilliant, highly lustrous finish without polishing, and which contains no low viscosity cotton (now the subject of patent litigation by the duPont interests) has been developed by The Jones Dabney Co., Louisville, and has been named "Syntex."

Syntex is not a low-viscosity lacquer. Just what it is, is a commercial secret. However, there has been much experimenting of late with synthetic resins of the incompletely polymerized type, which are being developed to form films by themselves when applied with solvents and sometimes with pigments. Such materials are applied like standard lacquers, sprayed and sanded; baking after the final application gives a bright finish like Bakelite and similar synthetic resinous products.

Since the polishing of lacquer is one of the most important cost items in the completion of an automobile body, there is considerable demand for a product which would eliminate polishing at no sacrifice of finish.

The spray gun really began to replace the paint brush about 10 years ago with the introduction of low-viscosity cotton.

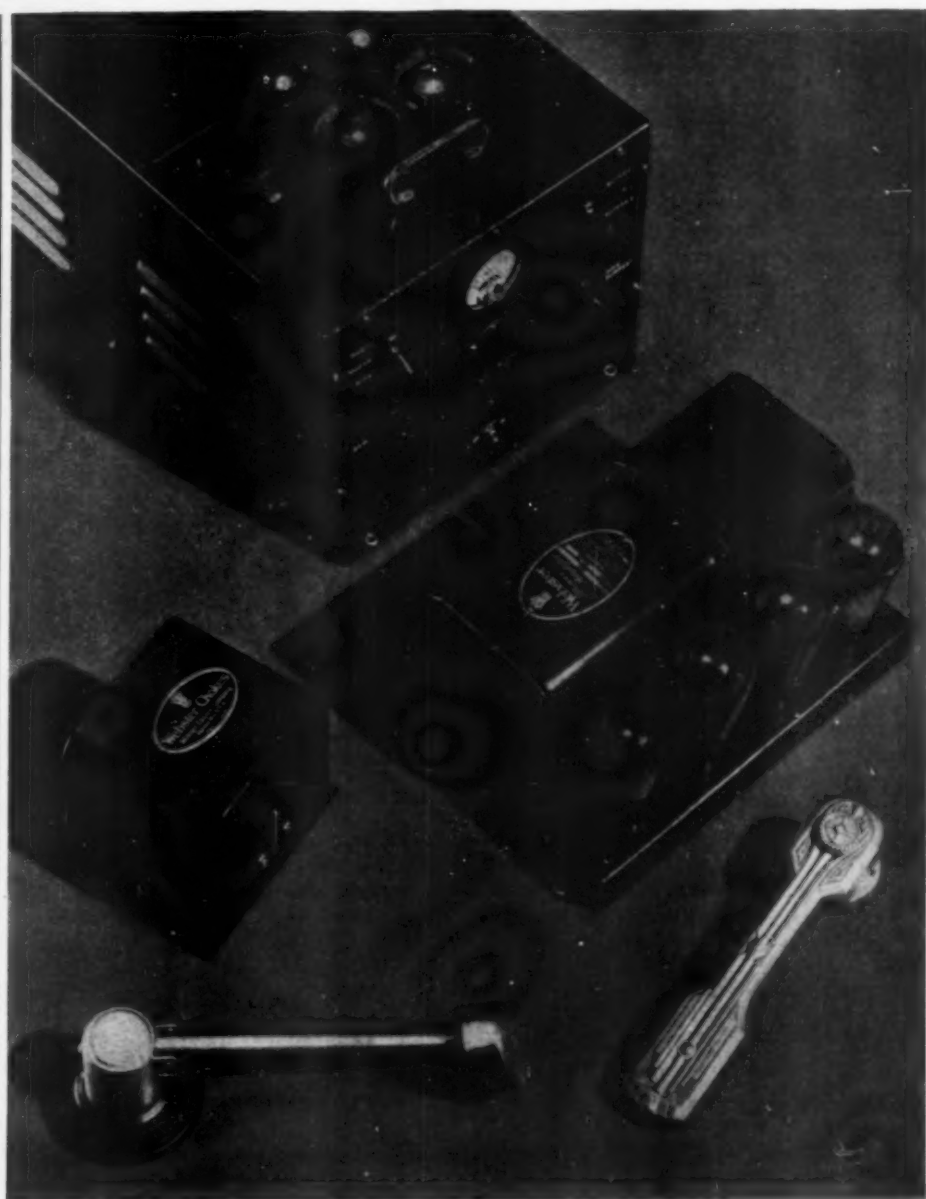
Lured by the great popularity of lacquer, many paint and varnish makers entered the field and now their use of low viscosity cotton is being challenged in the courts by the duPonts, who claim patent rights on the product.

New Machines Extend Use Of Tabulating Cards

INTERNATIONAL BUSINESS MACHINES CORP. has recently developed an automatic electric tabulating and accounting machine with which it is possible to add 3 separate columns of data on tabulating cards, summarize them and print them on a fourth counter. This is the first 4-bank printer to be developed. It is particularly useful for sales analysis or general accounting work when carried on by the use of tabulating cards.

Other new machines devised by the company to facilitate use of tabulating cards include a reproducing punch which automatically produces one set of punched cards from an original set and an automatic summary card punch which punches cards for totals of the tabulations that are being run on the printing-tabulating machine with which it is electrically connected.

WEBSTER ELECTRIC CO.



THIS Company is skilled and experienced in the engineering, designing and manufacturing of small assemblies or complete devices which embody electrical windings, chokes, coils, transformers, amplifiers and other electrical features or are wholly mechanical It possesses the necessary laboratory, tool and production equipment to do so well and economically Its process and performance standards are high — as evidenced by the products which it manufactures and markets under its own name Its ability, equipment, methods and reputation warrant your consideration.



Webster Electric Company



Racine

ESTABLISHED 1909

Wisconsin

Webster Transformers . . . Webster Electric Pick-ups . . . Webster Power Amplifiers

Pittsburgh Bows to the Storm But Sees Clear Sky Ahead

Hard-hit by bank closings, its merchants are confident that buying has only been postponed

WHILE most Pittsburgh merchants, wholesalers, and retailers are suffering severely from the combined effects of numerous recent bank failures, the steel industry's wage cuts, and woes in the coal fields, a special representative of *The Business Week*, sent to study the situation, found that the better informed see beyond the present struggle to an imminent and decisive revival of business, quote significant factors to support their conviction that prospects are better than they seem.

General business in Pittsburgh, about in line with national averages right through 1931 to August, was exceptionally good during the week preceding Labor Day (ending Sept. 5), showing increases over 1930.

Collapse a Surprise

After the usual post-Labor Day slump, the seasonal climb had just got under way, when during the week ending Sept. 26 ten banks closed their doors, including the Bank of Pittsburgh with \$41 millions assets.

Followed two weeks of hesitation and then business once more showed more than normal buoyancy. But the next week, ending Oct. 24, saw a second series of failures when 5 banks closed, shutting down on assets aggregating \$28 millions.

Included in this group were the Exchange National and Monongahela National, both long-established presumably solid institutions. This second severe jolt seriously affected public confidence, caused what was close to a temporary suspension of buying, prompted many bulk withdrawals of saving accounts (which to a considerable extent found their way into postal savings) and is still reflected in Pittsburgh's reduced business volume.

Sales Show Effects

The Bureau of Business Research, University of Pittsburgh, compiles a weekly sales record of 11 important Pittsburgh department stores which demonstrates the direct effect of these bank failures on retail sales. Dollar sales volume of the 11 stores up to Aug. 29 averaged only 11.32% under 1930. For the 3 weeks ending Sept. 19 it averaged 21% lower, not alarming since it cov-

ered the drastic drop following the holiday spurt, accentuated by the effect of the unseasonably warm weather which drove retail sales down in many Eastern states.

With the first bank failures in the week ending Sept. 26, sales dropped to 28.6% under 1930 and to 29.7% in the following week (ending Oct. 3). Then recovery started, cut the volume loss to 26.7% for week ending Oct. 10, to only 9% for week ending Oct. 17, when 9 out of the 11 stores showed actual increases in dollar volume.

The Second Jolt

But during the second week of failures, ending Oct. 24, sales dropped 35.3% under 1930, recovered slightly to 34% during the next week and, with the turn of the month, once more approached averages for the earlier part of the year; were 15.7% under 1930 for the week ending Nov. 7 and 21% under 1930 in the next week.

While the records of monthly volume of wholesale and retail business, provided by the same institution, also show general trends, the drama of the weekly fluctuations is lacking.

With 60-odd wholesalers of shoes, groceries, hardware, paint, furniture, paper, automobile and electrical supplies reporting, Pittsburgh's wholesale dollar sales volume for first 8 months of 1931 was 23.1% under 1930, but, instead of starting to climb, it dropped to 23.9% under in September, and gained little in October, although most wholesalers must do 40% to 50% of their total annual sales volume during the last 4 months of the year.

General Trend

Sales reports supplied to the same institution by 360-odd merchants in practically all retail lines averaged 10.4% under 1930 for the first 8 months of 1931; September sales were 23.4% under 1930 and October, with some totals still missing, shows some recovery from the September low.

Records of mortgage foreclosures and commercial failures show the strain to which Pittsburgh business has been subjected.

From the 1924 low of 221 foreclosures valued at \$1,070,601, totals

have risen steadily until in 1930 they numbered 1,279 valued at \$8½ millions, but for the first 10 months of 1931 already exceed 1,400 in number, \$11 millions in value.

Commercial failures for the first 8 months of 1931 rose above 1930 levels by 13% in numbers and 75% in value of liabilities, were 2 less in number during September but showed 50% greater liabilities. October recorded 25 commercial failures, with no comparable totals of liability available.

Wholesale and retail merchants interviewed claim that wage cuts alone would have shown little effect on their fall and winter business but that the bank failures have cut deeply into their sales, caused irreparable losses.

They hold that most wage earners had anticipated cuts, were relieved when official announcements ended the suspense, were ready to unloosen much postponed buying when the banks began to crash.

While general business has improved in the last 2 weeks, Christmas buying by retailers is hardly started. Wholesalers feel that only from 25% to 30% of normal buying has been done, state that unless retailers begin buying soon, stocks will be insufficient to supply even a sub-normal holiday demand.

Christmas Buying Uncertain

Retailers claim that, with all normal calculations badly upset, they cannot afford to speculate with heavy advance stocks of Christmas goods, must wait until the consumer's buying mood is more evident.

Variety 5¢, 10¢, 25¢ to \$1 stores are reaping the harvest. The banner unit of the G. C. Murphy chain, with commanding frontage on 3 streets, has reported continuous high gains. The McCrory units show up better than average for the chain which in October had a 7.6% increase over 1930. W. T. Grant stores supplied their share of the company's 7.8% increase for first 10 months of 1931.

Well-informed Pittsburgh business executives quote other encouraging signs that serve to brighten the present outlook.

Some Cheerful Notes

In the last year an increasing proportion of the city's retail sales volume has come from wage and salary earners, a decreasing share from those living on income. And, for the first month since May, 1930—excepting a 0.2% pick-up last February—the University of Pittsburgh's all-firms employment index showed for September a gain over the previous month.

Some long-idle mills are sporadically giving employment to large numbers of workers, which, though sometimes covering only short periods, puts more money in circulation.

Coal and coke producers have found customers' reserve stocks far below seasonal average, definitely expect substantial increases in activity toward January, 1932, with a resulting increase in employment.

Buying of industrial products and supplies by plants in the Pittsburgh district has been practically suspended for over a year. Purchasing agents, plant superintendents, anxious to keep operating expenses in line with the low ratio of output, have gone to extremes in economy.

No Machine Buying

Machine replacements, spare parts have been bought only after make-shift repairs proved futile, and a search of the scrap pile has uncovered no previously discarded unit that might be reclaimed.

Stocks of maintenance equipment, regular factory supplies, have been drained and when departments resume operations an endless string of small orders, covering immediate needs, goes to retail supplies at retail prices, while normally such items are carried in the factory stock, and replaced by purchases in quantities that carry lowest prices.

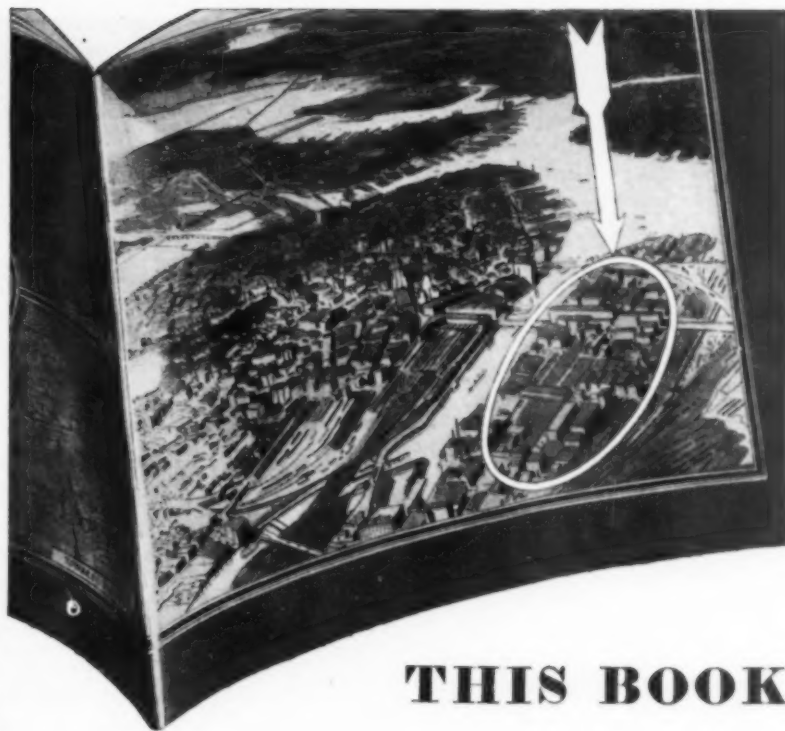
One large industrial that has been operating at better than 50% of capacity throughout the depression and normally carries a maintenance stock of over \$3 millions, has bought practically nothing since early 1930, has today less than \$150,000 invested. One clerk is busy all day issuing "pick-up" orders. But after annual inventory in January is over a whole pile of quantity orders is to be released.

Wait for Inventory

In other important plants similar conditions prevail. Already approved orders covering every type and class of materials, machinery, supplies are piled high on superintendents' or purchasing agents' desks. They expect that officials will authorize their release after annual inventory and if, when and as that happens, Pittsburgh wholesalers and retailers expect to forget all about the 1931 bank failures.

Added to these cheerful signs the Pennsylvania state secretary of banking reports an arrangement by which depositors of 3 closed banks will receive a substantial dividend about December 14.

Efforts are continued to release funds tied up in other Pittsburgh banks.



THIS BOOK points to more sales and larger profits in New England

Send now for this sixteen-page illustrated booklet which gives you the facts about the rich, compact New England market and the most profitable way in which to reach its eight million consumers.

If you are already distributing products in New England, there are facts here it will pay you to know. If you are planning to enter New England with your products, now or at any time, our booklet has valuable information for you.

Clip and mail the coupon.



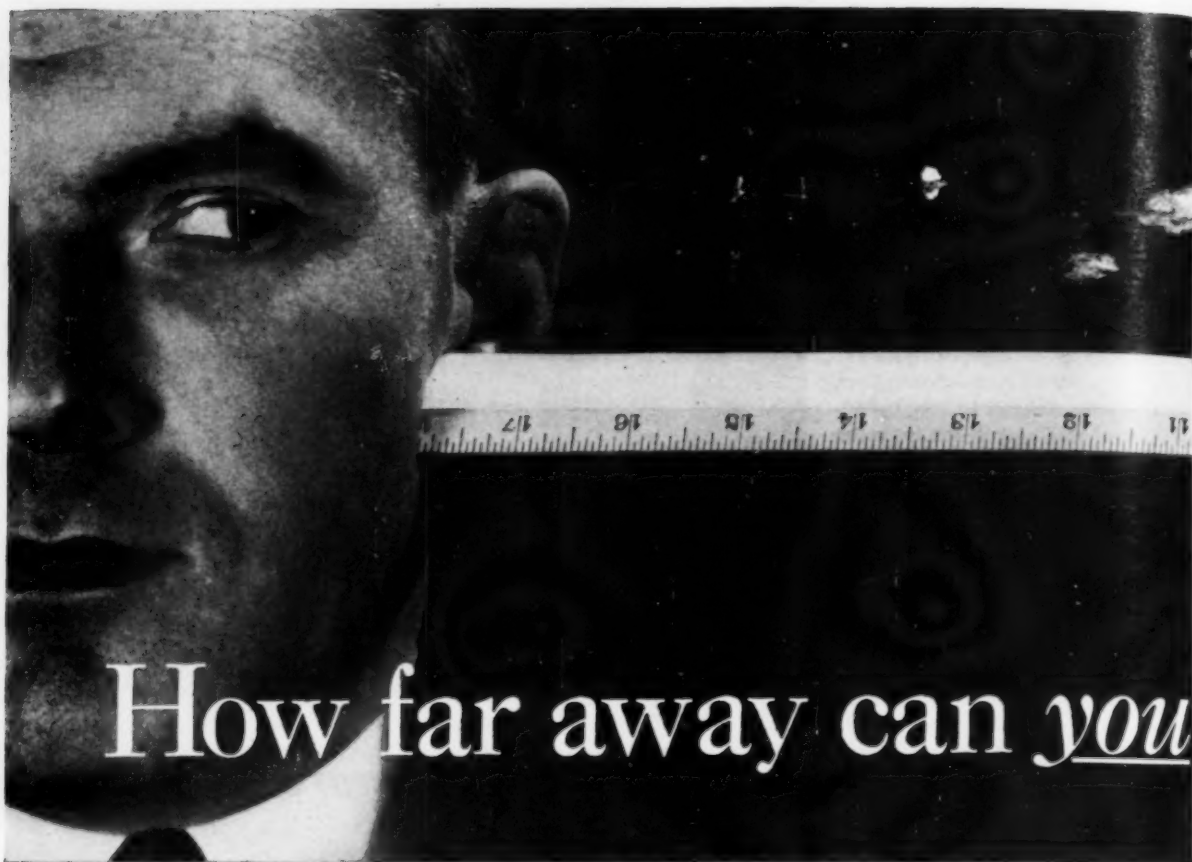
BOSTON WHARF COMPANY

Industrial Service Department
Boston Wharf Company, 259 Summer St., Boston, Mass.
Please send me booklet describing your property and its advantages.

CLIP THIS COUPON
FOR LARGER PROFITS

Name _____ Position _____

Company and Address _____



How far away can you

*If you can't hear it at least 18 inches
from your ear—you may be suffering from
"Office Acoustics" in an advanced stage*

Rat...tat...tat...ding-a-ling...
"Hello-Hello"...buzz...buzz...buzz.

"Just listen to that," glared Jones across the desk. "They call this a quiet office but I can't hear myself think. Why, actually I can't even hear this watch, a foot from my ear." He held up his watch.

"Forget it," laughed Moore, as he transferred an incorrect total to the statement of a fussy customer. "You've got a case of NERVES."

But it wasn't nerves. It was NOISE. Without exception, *all over the office*, noise was taking its toll in disturbance...incompetence...inaccuracy...in ERRORS. And the manager thought he had provided *ideal* working conditions.

Progressive business organizations today are not only recognizing the costly effects of noise, but are taking immediate steps to stamp it out. In Cleveland, the busy Western Union office resorted to Johns-Manville Acoustical Treatment, reduced errors 42%, realized a saving of more than 3% in the handling of each message.

In Dayton, Ohio, the Rike-Kumler Co.—a prominent department store—decreased the noise of 72 labor-saving machines about 83%—cut errors 24.5%—after Johns-Manville Acoustical Treatment was installed.

In New York... Chicago... San Francisco, all over the country, similar results are being found in offices where surveys are made.

Make a check of your own office. Just how noisy is it? To what extent are efficiency impaired, work hampered, inaccuracy bred by the constant humdrum of noise? Try the simple watch test. During the peak hours—with activity at its height

—how far away can you hear the crisp "tick, tick, tick" of any average watch?... If it can't be heard at least 18 INCHES from your ear, *you can be sure that a noise condition is present that is dangerously affecting the standard of work and even the health of the workers.*

Johns-Manville makes not one acoustical material for every use, but a group of materials varying in cost, appearance and efficiency to fit the case.

Ask to have a J-M Acoustical Engineer call. And write for the new 32-page booklet, "Solving the Growing Problem of NOISE." Address Johns-Manville, 292 Madison Ave., New York City.



Ushering in Low-Cost QUIET

In their modern research laboratories, Johns-Manville has not only worked to develop acoustical materials and efficiency, Johns-Manville has also *reduced the cost of Acoustical Treatment.*

J-M Sanacoustic Tile and Transite Acoustical Tile are concrete evidence of *lower-cost QUIET.* In addition, Johns-Manville now offers a liberal Time Payment Plan for acoustical remodeling work.

Try this simple hearing test

Take an ordinary watch. Station yourself any place in your office. Hold the watch about 18 inches from your ear. Can you hear that sure, regular "tick, tick, tick"? If not, your personnel is suffering from "Office Acoustics," perhaps in an acute stage. It is worth attention.



Can you hear the **TICK
TICK
TICK** of a watch?



"More cylinders per day per phonographer..."

The Correspondence Dept. in the Newark, N. J., office of the Prudential Insurance Co. had "office acoustics." It contained 208 typewriters, 208 operators. Noise was showing its effect upon everybody, especially on the 148 phonographers who must work with headsets, and pay strict attention to the voice recorded on the cylinders.

Efficiency was reduced. Girls felt tired. Absentees due to illness, after necessary overtime work, were high.

Here again J-M Sound Control Treatment solved the problem. Today work is done more rapidly. Noise has been reduced to a minimum—nervous strain removed. With it, there are "more cylinders per day per phonographer."

"Then all the bookkeepers got telephones..."

The Bookkeeping Dept. at the First Citizen's Trust Co., Columbus, O., needed telephones for constant communication with the tellers and other departments. But how to hear, with the competition of 14 bookkeeping machines, 6 adding machines and 23 employees was a problem. J-M Acoustical Materials were installed. Everyone is surprised to find that now the use of telephones proved practical. There are 17 in the room. Noise has been greatly reduced, the chances of errors decreased.



Johns-Manville



Controls

HEAT, COLD, SOUND

Protects against

FIRE AND WEATHER

Naval Stores Industry Sets Itself for a Drastic Dose

**"Farm relief" left it sicker than ever; new
prescription calls for cure through cooperation**

FACTORS and dealers of the naval stores industry came to Washington again last week. They have come there before. On a previous visit they convinced Congress that gum spirits is a farm product, that the producers are properly entitled to the "relief" that is the modern farmer's birthright. With \$1,500,000 advanced by the intermediate credit bank of Columbia, S. C., they barged into cooperative marketing and failed. Producers have been licked by the distorted ratio between tax rates and returns of standing timber, the trade has been demoralized by a diminishing market in the face of frantic overproduction.

Practical Conservationist

This time they came on the invitation of Ripley Bowman, secretary of the Timber Conservation Board which, like the Wood Utilization Committee of which Mr. Bowman also happens to be secretary, is a quasi-official organization financed by lumber and other private interests. Mr. Bowman doesn't care a rap about the forest conservation preached by sentimentalists, but he is interested in the economic perpetuation of the forest industries. With the zeal of a true scientist, he is hopeful that if the naval stores industry can be cured, the health of all the forest industries will benefit.

His invitation accomplished no immediate results. Poor but proud, the men in the industry were reluctant to undergo a diagnosis at the more or less public dispensary that offered it. Few of them would talk about their problems and grievances in specific terms. To quote Carl Speh, secretary of the Pine Institute, who urged a thorough physical examination, the meeting didn't click.

Program Now Possible

However, it was a necessary preliminary to what is coming. The Timber Conservation Board can now with propriety engineer the appointment of a committee representative of producers, factors, dealers, bankers, and the government (Commerce and Agriculture Departments) to draft a program for the rehabilitation of the industry that, without such quasi-official sanction, might be open to question under the

anti-trust laws. The committee probably will recommend:

An annual estimate of consumptive demand for rosin and turpentine as the basis for balancing supply and demand, avoiding ruinous price fluctuations (the most pressing need is to get rid of the crop as it comes on the market);

Economical operation enforced by the banks controlling credit (producers lean on banks and factors so heavily most of them would be compelled to cut operating costs, adopt improved production methods);

Revision of taxing of pine timber lands (in some counties the tax on naval stores operations runs up to 74% of net income);

Unified fire protection (coupled with taxes, the cost of fire protection is so great that producers are forced to tap young trees);

Continued research to develop new uses (this is a slow horse);

A unified advertising and sales cam-

paign to stimulate consumption, check substitution.

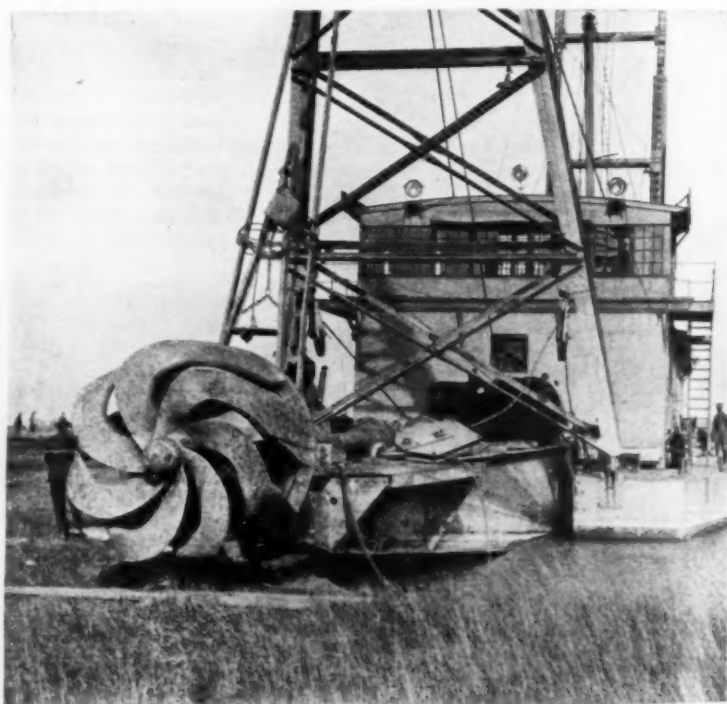
These are obvious remedies for putting the sick industry on its feet. Some are suitable only for a convalescent, but hope of recovery depends on whether the industry will swallow the first dose—which may depend on whose strong right arm administers it.

Those who claim to know now say that when the psychological moment arrives, the U. S. Timber Conservation Board will pull a string raising the large right arm of Axel Hansteen Oxholm, director of the National Committee on Wood Utilization, casting him for the rôle of managing director of the naval stores industry.

A Lumber Background

Born in Buxnaes, Norway, in 1891, graduated from the Royal University, Christiania, Oxholm gained his wide knowledge of the lumber industry from early connections in Europe and the United States and his numerous contacts since then as chief of the Lumber Division of the Department of Commerce.

Aggressive and determined to be impressive, he has capitalized himself heavily as the active head since 1925 of one of the numerous, more-or-less mysterious committees organized by Herbert Hoover as Secretary of Commerce. The committee's aim is "to



CANAL CUTTER—The business end of the big Canadian dredge shown from the air last week. It is working on the St. Lawrence Canal

bring about a wiser and more efficient use of wood and forest products as a means of advancing commercial reforestation." It is made up of representatives of the National Lumber Manufacturers Association and 99 other organizations of manufacturers, distributors, and consumers of forest products.

Only God can make a tree, but Oxholm will tell you how many trees would be saved by making matches one-quarter inch shorter. Appointed Moses to lead the naval stores people out of the wilderness, he might take a more grandiloquent title than managing director. He is well qualified for the job.

State of Washington Saves Counties, Forests

WHEREVER logging goes on, there are some lumbermen who take out the timber, then let the land go for taxes. Out in Washington, this practice has brought 300,000 acres into the hands of the counties, seriously threatening their financial position.

The last session of the legislature passed a law to stop this reversion. Likewise, it authorized the State Forest Board to go ahead with its plans to reforest some 4.6 million acres of waste land.

Nearly 25% of the original timber supply has been cut in the last 30 years. All of this cut-over land—some 7 million acres—constitutes a grave fire hazard; much of it is suitable for agriculture; the remainder will be reforested.

Chinese Relief Disturbs Pacific Freight Rates

MOVEMENT of wheat and flour from ports of Washington and Oregon for relief in China is causing some disturbance in North Pacific freight rates. The shipping firm which has contracted with the Chinese government to move the 15 million bu., half of it in flour at 5 bu. to a barrel, is understood to be receiving \$3 for wheat and \$3.50 for flour. This business is being parceled in cargoes for which ruling charters are based on \$2.85 for wheat and \$3.25 for flour.

It was understood that American tonnage was to be given preference at competitive rates but American owners are not interested at these exceptionally low levels. About 140,000 tons of the total of 433,000 tons have been placed already, practically all of it with foreign flag carriers. Japanese tonnage is not being chartered.

WHAT GOES
ON HERE . .



has a lot to do with

WHAT HAPPENS
HERE



Hard floors affect the office force in two ways:

Noise. Unyielding office floors act as sounding boards and magnifiers of noise—workers find it harder to concentrate on their work.

Dust. 100% sanitation is impossible with most types of hard floors. Uncovered concrete is in itself a source of dust. Unless continually—and expensively—painted and repainted, it “powders” under heavy foot traffic.

Sealex Linoleum Floors abolish dust and noise. In the dense, hermetically sealed cork-composition there is no place for dust or germs to hide. As for noise, the resilience of Sealex floorings helps to make even a heedless office boy walk softly.

Write our Business Floors Department for full information on floors that increase employee efficiency. Get the facts about Bonded Floors—Sealex flooring materials backed by a Guaranty Bond.

CONGOLEUM-NAIRN INC. • • KEARNY, N. J.



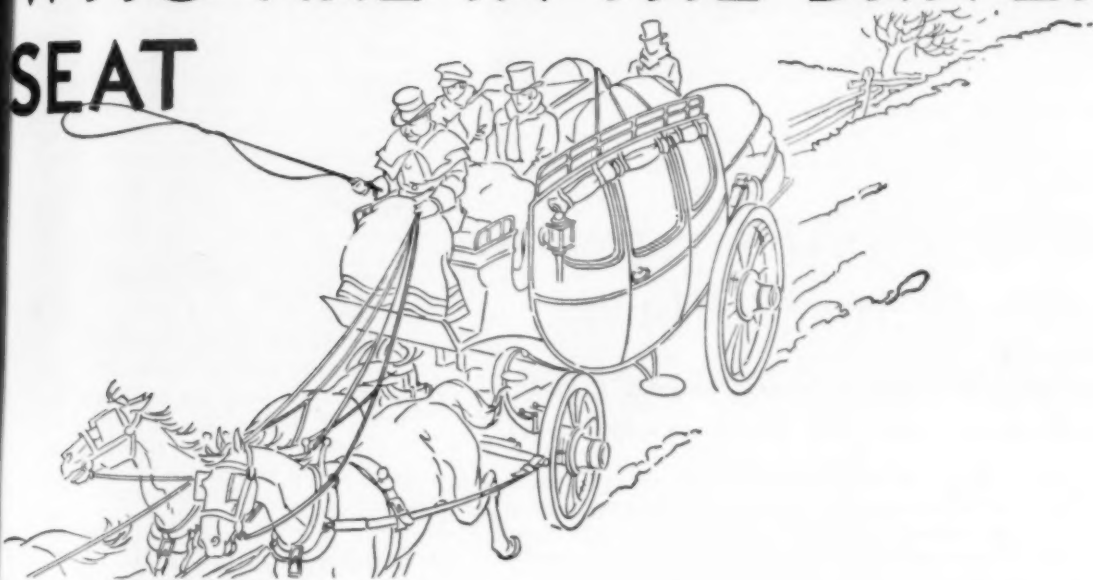


THIS is the book we promised Executives . . . *Taking Red Tape out of Business Forms*. Its keynote is savings . . . its methods can be successfully applied by any business without extra cost or outside help.

To the Administrative Head it presents the unusual opportunity for savings that exists in a study of the Daily Routine of Business. It establishes Daily Routine as a place where money can be saved today. It demonstrates how necessary such a study is, to build a structure for closer control . . . to secure greater cooperation between departments.



A BOOK . . . FOR THOSE EXECUTIVES WHO ARE IN THE DRIVER'S SEAT



Showing the value of Form Analysis on the one hand, *Taking Red Tape out of Business Forms* also describes the method of making such an investigation. Thus it becomes a guide for the individual or group in an organization to whom the Executive may delegate the responsibility for carrying out the study.

It is our desire to receive requests for this book from Executives who are interested in stopping the "waste leaks" in overhead. If this interests you, send for this book today on your business letterhead stating your Executive position. No charge in U. S. Foreign countries \$1.00.

THE CHAMPION COATED PAPER COMPANY

Dept. A, HAMILTON, OHIO

Manufacturers of Daily Mail Bond . . . the Ideal Paper for The Daily Routine of Business



LIVING ON THE MOVE—Cleveland will roll aside this apartment house to make way for a new street. Tenants will never feel it: gas, water, electricity, telephone, even sewer connections continue uninterrupted

Community Chest Supporters Are Giving Even After It Hurts

Despite income cuts, funds exceed last year's totals, but unemployment relief may straiten welfare work

COMMUNITY chest campaigns to raise funds for welfare and unemployment relief during 1932 are meeting with unexpected success. Campaigners who had foreseen a hard battle dragging contributions from supporters whose incomes have been cut down have been happily disappointed.

Of 54 chests which had completed their campaigns by Saturday, Nov. 14, 40 had exceeded their quotas; the other 14 were confident that supplementary efforts now under way would bring them through. Five of the completed campaigns were carried on in communities where comparable records for last year are not available. In the other 49 funds raised total \$18,977,000—13.1% more than last year.

Of the 6 cities having budgets exceeding \$1 million, 5 have met their quotas. Detroit is some \$500,000 below its \$3,660,000 goal. Senator Couzens' abortive attempt to raise \$10 millions from wealthy contributors outside the Detroit community chest drive apparently relaxed the efforts of fund supporters and cut down the normal

returns to the chest. Eliminating Detroit from the picture, funds raised by the 48 other chests were 21.1% above those for 1931 and were 100.9% of the aggregate quotas.

Allen T. Burns, executive director of The Association of Community Chests and Councils, national organization to direct chest activities, points out that these funds are not merely to provide relief for unemployment. In normal times about 80% of community chest funds are devoted to the social services which make up a complete program of community welfare work, 20% to direct relief. During 1930 the share for relief rose to about 40% of the total and this is expected to hold for 1932, at least during its early months.

Mr. Burns also emphasizes the point that drives for relief funds do not suggest, by any means, that private funds will be asked to carry a heavier share of the unemployment load. So far during the depression they have provided about 30% of the relief, public funds the remaining 70%. This ratio is expected to hold through 1932.

Contrary to the widespread belief that wage-earners and small-salary earners are the chief support of the chests, an analysis by the association now shows that 50% of the total collections comes from gifts of \$250 or more; usually less than 20% from individual gifts of \$10 or less. So far in the New York City campaign 75% of the total represents contributions of \$1,000 or more.

There are 391 cities with community chests, 47 campaigns started this week. 142 were already in progress. A few campaigns do not open until the first of the year. The association has also been made responsible by the President's Committee for cities of 25,000 or over which have no community chests. Leading in this group are New York, Chicago, and Boston.

Difficulties are arising in these cities from the fact that, with all the publicity about unemployment relief, too little attention is being given to the routine welfare activities. In New York, for example, a spectacular drive for an \$18-million fund is being made to provide unemployment relief for nearly a million family units (including 277,000 persons living alone). Welfare experts are concerned lest this campaign so exhaust available private resources that the funds to support going welfare enterprises will not be forthcoming.

In Boston, welfare organizations are making their usual annual drives but have been assured that if their efforts fail, a city-wide drive for supplementary funds will be made.

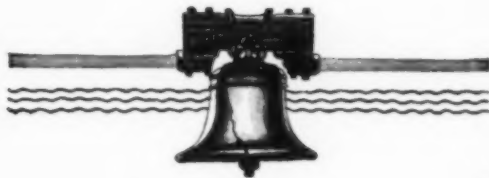
Big Store Gives 1% of Gross to Relief

JOHN WANAMAKER, New York department store, announces that 1% of audited November and December, 1931, gross sales receipts will be contributed to the Emergency Unemployment Relief Fund of New York City and official welfare organizations in the suburban area.

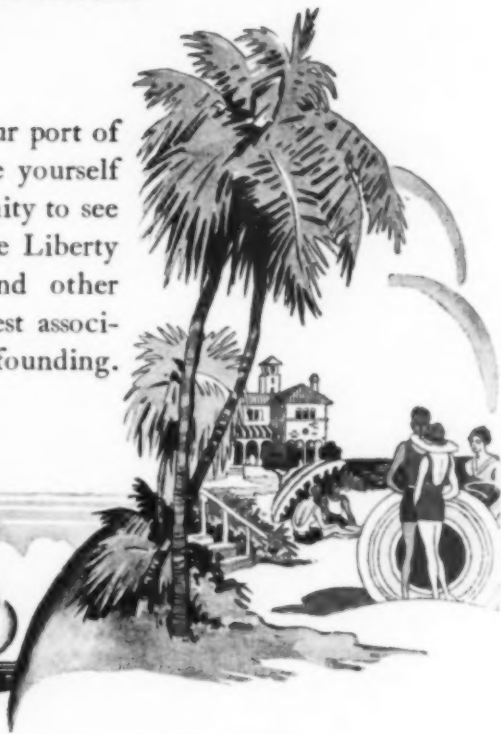
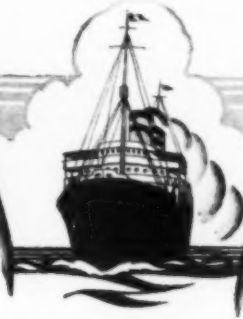
Leaders in organized relief work call this a concrete example of genuine helpfulness, suggest that the Wanamaker plan is sufficiently simple to be followed by large and small merchants.

The Wanamaker announcement contains no qualifications, emphasizes that the contribution does not constitute a tax, nor a charity, will not affect present methods of pricing, markups, etc. Sales records of similar establishments show that approximately 21% of annual sales volume is done in the last 2 months of the year.

A Winter Cruise Plus—



Use Philadelphia as your port of departure and thus give yourself and family an opportunity to see Independence Hall, the Liberty Bell, Valley Forge and other points of historic interest associated with the nation's founding.



Places Every American Family Should See

Independence Hall
The Liberty Bell
Carpenter's Hall
Grave of Benjamin Franklin
Betsy Ross House
William Penn's House
Benedict Arnold Mansion
Valley Forge

Modern Places of Interest are:

Franklin Institute
Academy of Fine Arts
Memorial Hall
Philadelphia Art Museum
Rodin Museum
University of Pa. Museum
Academy of Natural Sciences
Commercial Museum
Historical Society of Pa.
Free Library of Phila.
Horticultural Hall
Botanical Gardens

THE HAMBURG-AMERICAN LINE

Scheduled cruises to Bermuda, Nassau, Havana, and back to Philadelphia on the new motor ship "Milwaukee," December 23; January 9; January 23; February 6; February 20; March 5; March 19. Duration of each trip 12 days.

THE MERCHANTS & MINERS LINE

Tours direct from the Port of Philadelphia to southern seas. St. Augustine (9 days), including Savannah and Jacksonville. From Philadelphia every Wednesday and Saturday, until December 30. Also personally conducted Christmas Tours.

MIAMI CRUISE from Philadelphia December 16 and 26.

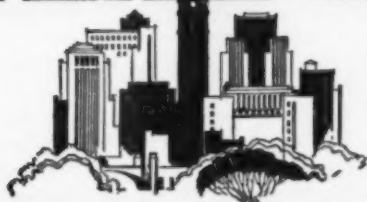
BETWEEN JANUARY 15 TO APRIL 30:

BOK TOWER (9 days), from Philadelphia every Tuesday to Savannah, Jacksonville, Orlando, Lake Wales, returning to Jacksonville, thence by ship to Philadelphia.

ST. AUGUSTINE (9 days) including Savannah, Jacksonville, from Philadelphia every Tuesday.

HAVANA (14 days) including Miami and Jacksonville, from Philadelphia (for January, February only), every Friday.

PHILADELPHIA



Business Progress Association

1442 Widener Building

Philadelphia

In St. Paul Washington Reactions: Taxes; New Congress; St. Lawrence



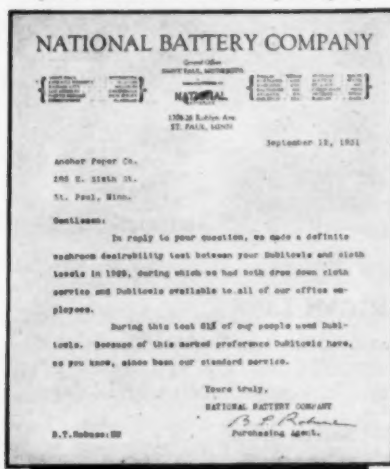
Miss



Kathryn O'Shaughnessy prefers DUBLTOWLS to cloth towels

She is one of the 81% of the people in the general offices of the National Battery Co., St. Paul, who chose DUBLTOWLS when they were placed side by side with cloth towels in a comparison test in the washrooms.

And the following letter expresses the opinion of the National Battery Company:



DUBLTOWLS are soft and soothing to the skin. So unusually absorbent that one DUBLTOWEL dries the hands quickly, thoroughly. It is no wonder that 81% of these people chose DUBLTOWLS, and that DUBLTOWLS have been used exclusively by the National Battery Company since then.

Write for details of a comparison test we will gladly arrange for your washrooms.

BAY WEST PAPER COMPANY
A Division of Mosinee Paper Mills Co. GREEN BAY WISCONSIN



MOSINEE DUBLTOWLS

"If it's a brown double towel, It's a BAY WEST DUBLTOWEL"

Each DUBLTOWEL is two sheets of pure sulphate kraft—73 times as absorbent, 4½ times as strong as average paper towels.

© 1931, B. W. P. Co.

JIM WATSON, Republican leader of the Senate, announced after a long talk with the President that tax increases by Congress were "inescapable." This confirms our prediction (BW—Sep23'31).

Watson was mentioned then as thinking no tax increases would be necessary. But it was pointed out, and is still true, that Watson is scared to death politically. He is facing the toughest fight of his life when he comes up for reelection next fall. Indiana went Democratic last year, electing 9 Democrats to the House, 4 Republicans.

Except for Watson's forced flop, there has been no particular change in the prospects for tax revision. The President still has no program in definite terms. Sentiment on Capitol Hill, with a much larger number of senators and representatives on the ground than were here in mid-September, is still unmistakably against the general sales tax. It is very heavily in favor of higher income taxes on the upper brackets—the voters in that class being few, and not the generous givers to campaign funds they used to be.

Sentiment still favors a stiff federal inheritance tax, with a gift tax to make dodging it harder.

Some of those close to the President still insist there will be a minimum of change in the tax laws. This is said to be the President's attitude. Try to reconcile that with the fact that Jim Watson spent nearly 3 hours with the President, then made his flop! Also note Senator Smoot's public statement at the same time, that a tax increase could not be avoided. Smoot almost never bucks a Republican President. He does not intend to be doing so now, though he grumbles exceedingly to close friends about how hard Hoover is making it for him to be re-elected.

ALSO making tax increases more certain—the stock market made a real nose dive after Sept. 23.

That means considerably more of a cut in the income tax returns for the 4 payments beginning Mar. 15—2 of which fall in this fiscal year and 2 in next—than had been anticipated. And this cut will be in the higher bracket classes of income tax. A great many millionaires took such heavy losses that they will not have to pay any income tax next year at all.

It was on this particular point that the Treasury experts went wrong in their advance estimates of the deficit. Somehow they did not realize to what extent there would be a recording of stock market losses for income tax purposes.

The extent to which this was done was appreciated later by the Treasury experts, and they are not likely to make the same mistake again. Hence, the importance they now attach to the market break in computing their estimates of the amount of additional revenue needed. This is in addition, of course, to the heavy decline in large incomes from dividend cuts and suspensions, smaller profits in business, smaller professional earnings. And in the smaller income classes, to salary cuts.

THERE is increasing gossip here that Britain will never again be able to peg the pound at \$4.86 in gold. Department of Commerce experts believe it would be next to impossible—largely because of her enormous debt.

As has frequently been pointed out in the last few weeks, France scaled her debt down 80% when she marked the franc from 20¢, roughly, to 4¢. Italy made an almost similar reduction. Germany wiped out her internal debt entirely; Austria almost equalled her.

INCIDENTALLY there is also a belief here that Italy and Japan are in serious danger of being forced off the gold standard. Italy's strenuous efforts to curtail imports are attributed in the Department of Commerce to this fear rather than to the theory she is trying to adjust in conformity with the change in gold value of British currency.

Now that they are assured of control of the House, observers are wondering how far the Democrats really will go toward liberalizing the rules. The temptation will be to make no substantial change so the dominant party may have better control over legislation. Something that looks like liberalization will have to be put through, but it may have more form than substance.

When the House meets it will be found that some of the enthusiasm for the discharge of committees at the request of 100 members will be lacking.

INDICATIONS are that the Senate at the forthcoming session of Congress will continue to satisfy its craving for investigation. So great is the urge in the upper chamber to deal with the spectacular that it gives only perfunctory attention to prosaic legislation. It just goes through the form of considering what the House has done.

Bills that hold out front-page possibilities are discussed at length but even then the preference seems to run to investigation, the discussion of sensational subjects, and the denunciation of those whose names come before the body for confirmation.

Just as business begins to get its head above the water it must prepare for another squall in the form of tariff legislation. A number of the Democratic leaders would like to find a way to sidestep the question at this particular time but the spokesmen for the party have belabored the "Grundy" tariff to such an extent that they can do nothing else but propose general revision.

Lowering of the tariff is not going to be particularly popular at this time when the British have gone off gold and are preparing tariffs of their own to reduce their purchases here.

A TREATY by Christmas appears to be the Administration's ambition in its negotiations with the Canadian government on the St. Lawrence waterway. Secretary of State Stimson announced following a conference Nov. 14 with W. D. Herridge, the Canadian minister, that arrangements have been made for assembling immediately the joint engineering board to reach agreement on the plan for the development in the international rapids section. That the American engineers will agree to the two-stage development urged by the Canadian engineers in 1926 is a foregone conclusion.

Announcement that the representatives of both countries propose to keep in touch with the provincial and state authorities in considering the power features of the development is regarded mainly as a sop to the state of New York.

The Administration will not permit the claims advanced by the state to the hydroelectric by-product of the navigation project to interfere with drafting of the treaty. Secretary Stimson informed officials of the State Power Authority at a conference Oct. 28 that the state can go into the courts to secure any rights it may have in the power.

HEAVY HEAVY *hangs* variable overhead



Many businesses are playing the old game of "forfeits", and among the heaviest are those which come under the ledger heading Variable Overhead. Particularly is this true if the company owns its own building. Satisfying a mortgage or re-financing usually seems to be necessary at the worst possible time. Owning a building means liability until such time as a buyer is found. Many commercial failures have been caused by the mortgage on the plant falling due.

Interest and amortization charges, taxes, insurance, heating and repairs are only a few of the myriad items that take the time and strain the patience of industrial executives who are constantly trying to nail down their costs. The Starrett Lehigh Building offers the far-seeing executive an opportunity to nail down his costs and limit his liability by grouping together these many variables into a fixed rental for a fixed term. This, of course, is only one of the advantages of this now famous industrial building design and operation. It is ready for occupancy. By all means see it for yourself if possible—or write for an illustrated booklet.

Starrett Lehigh Building, Inc., Empire State Building, New York City.

**WHAT THIS BUILDING
GIVES YOU:**
*All the usual facilities for
manufacturing and
distributing*

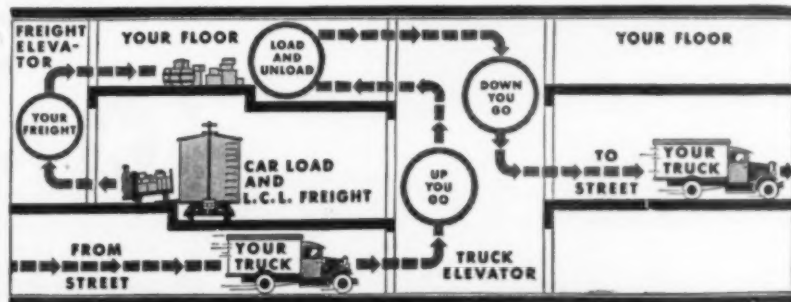
PLUS

1. Freight terminal on ground floor.
2. Truck elevators and truck pits.
3. 33% to 50% more daylight.
4. 600' of straight line production.

Additional Important Features

Floors of 124,000 square feet each. Floors from 52,000 square feet to 76,000. A few will be sub-divided to suit tenants. Floor capacity: 150,250 lbs. per square foot. Construction assures lowest insurance rates. Motor truck elevators 10' x 30', 30,000 lbs. capacity. Doctor, nurse and hospital all day service. Restaurant, newsstand, telegraph office, barber shop in building.

STARRETT LEHIGH BUILDING
26th to 27th Sts., 11th to 13th Aves.
New York City



STARRETT LEHIGH BUILDING

For Manufacturing and Distributing, Offices and Display



To make today's business paper advertising work

Make advertising an integral part of the complete sales plan. Formulate definite sales objectives. Reduce sales plan to written form and parallel it with an advertising plan which supports the sales efforts at every point. Make advertising and sales strategy work together for increased sales.

This and other guides to advertising effectiveness are contained in our booklet, "Industrial Advertising At Work". We will gladly send you a copy on request.

V name on the door *a new job for advertising...*

In many an office in business and industry there is a new man in command. On many a door that advertising formerly opened to your salesman, there's a new and strange name. A new name to be secured on the dotted line. A new prospect to be converted into a customer.

There's a tough selling job to be done here. A job on which your sales force must start from scratch all over again. Your former advertising carries little momentum here—the new incumbent probably read it with only passing interest. He knows little or nothing about the merits of your product. He has to be shown—and wants to be shown.

That calls for the aid of advertising. Good advertising that carries your

sales story convincingly and effectively to your prospect. Advertising that educates the prospect and wins his good will. That loosens his purse-strings in your direction and spurs him to action.

Today's advertising must bring more than results. It must bring results *at the lowest possible cost*. Every dollar spent must take your message to your prospects—and to your prospects only.

If you sell to business and industry, recognized business papers are the logical ones to use. McGraw-Hill Publications, reaching 600,000 paid subscribers—every one a business man, industrialist, or engineer—will help your sales force lick today's selling job effectively and economically.

McGRAW  HILL
PUBLISHING CO., Inc.

The Business Week
System

Factory and Industrial
Management
Maintenance Engineering
American Machinist
Product Engineering

Engineering News-Record
Construction Methods
Engineering and Mining Journal
Engineering and Mining World
Metal and Mineral Markets
Coal Age

Electric Railway Journal
Bus Transportation
Aviation
Textile World
Electrical World
Electrical Merchandising
Electrical West

Power
Radio Retailing
Electronics
Food Industries
Chemical & Metallurgical
Engineering

New York Central's New Head Is a Practical "Harmonizer"

**His genius for cooperation comes from a natural
affability and a keen nose for economies**

"A BIG man, any way you mean it, of simple, direct manner backed by plenty of courage, sure of himself, quick on decisions—and everybody likes him."

Thus does a Burlington vice-president describe Frederick E. Williamson, now head of the Burlington system, who is slated to succeed on Jan. 1 Patrick E. Crowley as president of New York Central.

Williamson is going back to his first allegiance. He started out with the Central—as a clerk following his graduation from Yale in 1898—and stayed with it 27 years. He has since served 3 years with Northern Pacific as vice-president, 3 years with Burlington, first as executive vice-president and then, when Hale Holden went to Southern Pacific, as president and chairman of the executive committee. He is the third member of his family—following a grandfather and an uncle—to enter the service of the Central or its constituent lines.

Williamson's elevation from general superintendent of that road to vice-president of Northern Pacific, 6 years ago, was an unorthodox move, as railroad promotions go. Perhaps the late George F. Baker or Arthur Curtiss James or some other of the powers that guide the destinies of railroads recognized in him exceptional executive material, wanted both to give him the advantage of Western experience—most railroad presidents come from the West—and to short-cut him into a job much higher up. The transfer in and out is a satisfactory and painless way of promoting him over the heads of New York Central executives who were his seniors. He is one of the youngest railroad presidents, 55 years old last June.

An "Experienced Gentleman"

"He's what you call in the railroad business an 'experienced gentleman,'" one man puts it. He can deal with hard-boiled stiff-necked railroaders as a railroader himself. He can deal with anybody as a gentleman. He has the poise and quiet self-confidence that go with leadership. He gets work done by getting those under him to want to work. He is a harmonizer, a cooperator.

Out on the lines, where much of his time is spent, they like him for things

like this: meeting a young Burlington employee in an elevator, talking to him, taking him to lunch; noticing that, in a train stopped for repair of a passenger car, the faulty car was so located that the workman had to lie in a puddle of water to do the job—and having the train moved ahead a short distance to make this unnecessary. Many such events, little and big, have combined to cement Williamson's popularity not only with the 31,000 Burlington employees, but with Northern Pacific and New York Central workers too.

Carries Responsibility Well

Healthy, good-natured, he keeps himself in A-1 physical condition. Handball is his main game; walking his favorite exercise. He does not play golf. He carries responsibility lightly.

Burlington was a great railroad long before Williamson came along. But he has advanced in a creditable way the thrifty Burlington's reputation for efficient, economical, money-making management. The \$10 a share dividend is almost earned, even in this bad year.

He has shown an aptitude to work out ways for railroads to save money by cooperative action. He has been a leader in efforts to effect economies by pooling operations and keeping false pride from thwarting these efforts. Such an arrangement is now in effect between Twin Cities and Duluth and there is plenty of opportunity for this kind of service in the East. He has also been a leader in pooling ticket selling through consolidated ticket offices in key cities.

In operation of freight terminals, the new head of New York Central has had wide experience. He was assigned to terminal operations in New York during the war. Much work with terminals is to be done in the years immediately ahead. Terminals in which not only competing railroads but also competing forms of transportation cooperate are the order of the day.

Williamson is not a back-scratcher; has kept out of objectionable reciprocal buying entanglements. He is not afraid to fight for rights of railroads against government bureaucracy.

A real cooperator will find a job to do on New York Central. Like other

great organizations, formed by joining units previously independent, the great Vanderbilt system has inside it its little kingdoms with the troubles and jealousies that little kingdoms are wont to have. Williamson is not the kind of executive that will iron out these troubles by firing people. Instead he will find a way to make them work together in harmony.

Burlington Grads

That a Burlington official should be moved into high office in another road is nothing unusual. The Burlington in railroad circles is like Indiana in politics—a sort of training ground.

Daniel Willard left a job as operating vice-president of Burlington to become president of B. & O. in 1910. Hale Holden went to the Southern Pacific. The late Howard Elliott, who reorganized New Haven and was subsequently chairman of Northern Pacific, a man much of Williamson's type, was a one-time Burlington vice-president of operations. E. P. Ripley, one-time president of Santa Fe, had been a Burlington general manager. Wm. G. Besler, chairman, Central of New Jersey, served the "Q" for 19 years. H. E. Byram of Milwaukee Road was another Burlington vice-president. W. C. Brown, a Burlington general manager, became president of New York Central. The list could be greatly extended.



FREDERICK E. WILLIAMSON—The New York Central's new president

Uncertainty Greatest Threat Of British Emergency Tariff

EUROPEAN NEWS BUREAU (Cable) —"Buy British Goods" shifted from a patriotic suggestion to a firmly backed command when London's newest Parliament voted this week its "Abnormal Imports Act," authorized—but only temporarily—a 100% duty on manufactures if so large a duty is necessary to protect the domestic market.

The measure is not Britain's long-heralded "protective tariff." It is only a pre-tariff move to protect home manufactures from the rush of imports flooding British markets before the real tariff bars are raised.

Emergency Use Only

It is to be operative only 6 months, intimates the time limit within which Britain expects its legislators to round out a formal, permanent tariff.

It does not levy a 100% ad valorem duty on all manufactured imports. It specifically excepts empire products, leaves it to the Board of Trade to set a tariff at whatever figure, within 100%, is necessary.

The duty is to be levied on ad valorem basis, c.i.f. British ports, and is supplementary to existing duties.

Dramatic scenes are heralding the entry of "a new era" in British economic history. Following the success of the National government in the recent elections business has been thriving at British ports. In one week the number of vessels tying up at Thames docks near London increased by 30. Unloading crews are swamped. October imports were \$60 millions over September.

To this activity is added the rush of export business which has followed the depreciation of sterling and the Japanese boycott in the Far East. Lancashire industries are booming with mounting export orders. Unemployment is on the decline.

What will be the effects of the temporary tariff measure on United States trade?

Total exports from the United States to Great Britain last year reached \$678 millions, more than 17% of all exports. But only 25% were manufactured commodities. Important among these were \$5 millions in automobiles on which there is already a 33½% duty, oil and oil products \$63 millions, machinery, chemical manufactures, scientific instruments, electrical goods, leather goods, iron and steel manufactures,

timber manufactures, musical instruments, office and household appliances, and photo supplies.

Major items of export to Britain are raw materials and foodstuffs: wheat, tobacco, cotton, lard, hams, fruits and nuts, and copper. On these products, there is less prospect of a loss of trade except as the "empire preference" policy turns British orders to the Dominions.

American branch plants already located in Britain find themselves in a particularly advantageous position. Those in Canada—far more numerous—have the jump on the vast number of exporting manufacturers whose only factories are in the United States.

It is not yet possible to predict how vitally these temporary tariffs will affect American-British trade because it is impossible to tell to what degree the Board of Trade will exercise its authority to increase duties. However, certain deductions might be ventured:

(1) Duties on many, but not all, commodities whose duties can legally be raised, will be subjected to increases, though few increases are likely actually to approach the 100% limit since Walter Runciman, president of the Board of Trade, empowered to adjust the duties, is an old free trader turned protective only to meet a national emergency.

Ticklish Trading

(2) Uncertainty will probably have the greatest effect on trade, since duties are variable at the discretion of the Board of Trade. Traders, thus, will never know on what rates they can depend.

(3) Milling quotas are likely to be imposed on foodstuff imports as a sop to the farmer, but without forcing an increase in the cost of living.

With the temporary emergency tariff known, world interest now is focussing on plans for the definite tariff schedule.

Significantly, Canada's shrewd premier, R. B. Bennett, is "visiting" London. What he may say to government officials is expected to have an important bearing on the agricultural phase of the British tariff situation. With a tariff, Britain will be in a strong position to bid for empire cooperation at the Imperial Conference in Ottawa next July. Intervening conversations with empire officials are likely to settle what the conference will do long before it convenes.

WHAT IS YOUR CHOICE?

To make further reductions in your operating budget, you must choose between dropping employes and finding other ways of cutting costs.

The discharge of trained workers can be effected overnight, but the resulting damage may take years to repair.

So why not first make sure that other costs have been slashed to the bone? Why not get that last ten per cent. by shooting at targets other than the payroll?

H. A. HOPF & COMPANY

Management Engineers

Forty Rector Street, New York

A copy of our "Self-Diagnosis" form will gladly be sent to executives interested. It contains a lot of good ammunition.



Obsolete Minds aren't interested

They dismiss the idea that National Vulcanized Fibre or Phenolite (laminated bakelite) parts might save the Company money because they know "it can't be done." In rare instances it can't. But in the past few years we have shown manufacturers of everything from toys to trucks just how versatile and profitable these two synthetic materials can be when correctly adapted to their particular needs. It is a part of our service to find out if NVF Products can save money in the fabrication or assembly of what you make. Let's get together on it. A letter requesting technical cooperation will bring prompt action.

NATIONAL VULCANIZED FIBRE CO.

Research Division

Wilmington, Delaware

N V F



MUD! SAND! SPIKES! MASTIPAVE bears it and GRINS!

A noted golf club*. Mud... water... sand... spikes! What grinding, gritting wear to impose on any floor. But MASTIPAVE, the magic floor, bears it and grins!

That's the record in many clubs. In locker rooms, lavatories, caddy houses. In halls and kitchens.

MASTIPAVE is also withstanding terrific traffic assaults in warehouses, factories, stations, offices everywhere.

No other floor covering can give such performance at so low a cost... only about 14 cents a square foot LAID! Decorative effects slightly higher. Write for free booklet.

THE PARAFFINE COS., INC.

475 Brannon St., San Francisco

*Name on request. Branches in Principal Cities

THE COTT-A-LAP CO.

Somerville, New Jersey

138

THE LOW-COST, LONG-LIFE FLOOR COVERING

MASTIPAVE

Examine any of these recent McGraw-Hill Books for 10 days FREE!

KEEPING ahead in business is mainly a matter of keeping up with current business thought and practice. The books listed below give you the results of recent investigations. They make available to you the methods that others have found resultful. They are well worth adding to your business library.

1. A Scientific Approach to Labor Problems

By ADELBERT FORD, Professor of Psychology, Lehigh University. 446 pages, 6x9, 93 illustrations. \$4.00

A research approach to employee welfare and production efficiency, discussing the techniques of production ratings, fatigue study, industrial education, etc.

2. Harvard Advertising Awards—1930

Published for the Graduate School of Business Administration, Harvard University. 151 pages, 9x11, illustrated. \$2.50

An illustrated volume of current advertising, reproducing in detail scores of advertisements considered especially effective in use of text, illustration, headline, and typography.

3. Simplified Mathematics for Accountants and Executives

By HARRIS D. GRANT, Consulting Accountant. 329 pages, 6x9. \$3.50

This book shows how to solve problems involving compound interest and discount by simple, practical, arithmetical computations, using no algebra or logarithms.

4. Principles of Organization—As Applied to Business

By HENRY F. DUTTON. 312 pages, 5 1/2 x 8 1/2, \$3.00

This book approaches the problems of business organization from the engineering standpoint. It shows the business man how the principles of organization may be applied in achieving a smoothly-functioning economic and effective unit.

5. Policy and Ethics in Business

By CARL F. TAEUSCH, Managing Editor, Harvard Business Review. 624 pages, 6x9, \$5.00

A critical analysis and discussion of the standards of American business conduct. Mergers, trade-association activities, full-line forcing, price maintenance and discrimination, trade piracy, commercial bribery, contract cancellations, price-cutting, misrepresentation, and scores of other timely and significant questions are frankly treated.

6. Personnel Management—Principles, Practices and Point of View

By WALTER DILL SCOTT, ROBERT C. CLOTHIER, STANLEY B. MATHEWSON. Second Edition. 583 pages, 6x9, 96 illustrations, \$4.00

An authoritative, comprehensive outline of the most up-to-date principles, practices, and instruments in the important and complicated relationships of management, work, and workers.

7. Organization Engineering

By HENRY S. DENNISON, President, Dennison Manufacturing Co. 264 pages, 5x7 1/2, \$2.00

This book sets forth the principal considerations of successful organization management and includes practical methods for guiding and increasing the joint productivity of men and women comprising an organization.

8. The Model Stock Plan

By EDWARD A. FILENE, President, Wm. Filene's Sons Company. 252 pages, 5x8 1/2, \$2.50

Though this book deals primarily with retail selling, its principles are equally applicable in manufacturing and wholesaling fields as well. The central problem with which it is concerned is distribution.



Courting Germany, Soviet Cuts Its Staff Here

WITH no legation in Washington, and with an increasing volume of its foreign orders going to New York (until this year), Soviet Russia has met America in the commodious offices of the Amtorg Trading Corp. at 261 Fifth Avenue, New York, for 3 years.

In that time, nearly \$300 millions of orders have been placed with hundreds of American firms, more than 7,000 Americans have been employed and sent to Russia, and about \$85 millions of Soviet products (mostly raw materials) sold in this country.

Of the 8 or more years Russia has conducted systematic business with this country, the last 3 were by far the most important.

Staff Cut 50%

But Moscow is reducing New York to a second-rate trade center. Office space at the Amtorg is being cut one-third, the staff of 450 being reduced by 50%.

Reasons: (1) American firms refuse credits comparable to those obtainable in Europe, particularly in Britain, Germany, and Italy; (2) America buys little from Russia (only \$14 millions in the first 9 months of this year, compared with \$22 millions in the same period last year); (3) America threatens to embargo certain Soviet imports (manganese, lumber, coal), already embargoes safety matches.

The change is no surprise to business men in touch with the Amtorg. Germany has long been successful in getting Soviet business in lines in which she was equipped to compete, particularly machine tools. And, since early spring, Britain has won large new orders which bring London's total for the year to \$57 millions, or about \$7 millions more than have been placed in New York.

Germany Grabs Orders

It is Germany that is grabbing off the lion's share of the business. Orders for September alone totaled \$27 millions (New York orders dropped to \$600,000 that month), for 9 months mounted to \$205 millions.

A new Russo-German trade agreement has been proposed. From 1925 to last April, Soviet sales regularly exceeded Soviet purchases in Germany. When the new trade agreement was signed in Berlin extending government credit guarantees on exports to Russia, Soviet purchases jumped far ahead of all previous schedules. Now Moscow wants a reciprocal arrangement with

McGraw-Hill Free Examination Coupon

McGraw-Hill Book Co., Inc., 370 Seventh Avenue, N. Y. C.

Send me for 10 days' free examination the book or books checked below. I agree to remit in 10 days or return the books to you.

Ford—A Scientific Approach to Labor Problems, \$4.00.

Harvard Advertising Awards 1930, \$2.50.

Grant—Simplified Mathematics for Accountants and Executives, \$3.50.

Dutton—Principles of Organization, \$3.00.

Name

Address

City and State

Position

Name of Company

(Books sent on approval in the U. S. and Canada only.)

F.B.W.

Germany assuring the purchase of an equal volume from Russia.

To Germany this offers 2 advantages: (1) additional security in the form of payment in a larger volume of Russian shipments to Berlin; and (2) assurance of a continuing volume of Russian orders to help swell Germany's much-needed export trade.

Important items in the trade list of Soviet sales to Berlin: furs, manganese, lumber, oil, eggs, butter, poultry. In the reverse direction: agricultural machinery, equipment for the chemical, textile, electrical, and non-ferrous metals industries, and machine tools.

Until the terms of the Franco-Soviet trade agreement (pending for some months) are arranged, and until the definite terms of the British tariff are known, Russia is looking to Germany and Italy for larger market outlets.

Canada's Tariff Wall Throws A Shadow on Its Budget

Loss of customs revenues, disappointment in sales tax forecast change in whole tax structure

OTTAWA (Special Correspondence)—The federal government's \$150-million, 5- and 10-year internal loan, floated in lieu of foreign borrowing that would be difficult in the disturbed exchange situation, will solve its current financial difficulties, but will not leave it on Easy Street. Primarily the loan is to pay for unemployment relief, which will not run much more than \$40 millions on federal account, but it is required for general purposes also.

The Camel's Nose

One requirement is assistance to provincial governments and in this connection Ottawa has been forced, by the condition of exchange, into an unwelcome situation from which it will not soon extricate itself. For the first time in history, the provinces, instead of going their own way, are passing their financial troubles on to the Dominion. Certain of them, unable to borrow to meet maturing obligations, are asking Ottawa to finance them, and Ottawa cannot refuse. Virtually, the federal government has got itself into the banking business on provincial account. And, having found a source of certain succor in time of stress, the provinces will not readily abandon it.

The loan does not assist with the

And, since sales to Britain are largely essential raw materials and foods, the chances are good that Russia will fare less badly than many heavy industrial exporters.

Canada Cuts Another British Apron String

ANOTHER vestige of British authority in Canada is about to disappear.

On Dec. 1 the Ottawa Mint, which since 1908 has been turning out coins for the Dominion—previously, Canadian metal currency came from England—will cease to be a branch of the Royal Mint in London. Henceforth coin making will be in complete charge of the Dominion. Provision for the transfer was made at the last session of the Canadian Parliament.

current revenue and expenditure situation, which is not a happy one. Last session, Mr. Bennett, as Finance Minister, budgeted for increased revenue of \$78 millions, to leave a deficit of \$30 millions. But for the first 7 months of the fiscal year revenues are down \$35 millions from the corresponding period of 1930.

The bulk of the contemplated increase was to come from the sales tax, boosted from 1% to 4% and with large exemptions abolished. Almost immediately it was found that the abolition of most of the exemptions was impracticable and they had to be restored. This alone cut \$22 millions from the anticipated \$78 millions. Mr. Hoover's international gesture deprived Canada of \$4 millions in German reparations.

Comes Santa Claus

For the 7 months, the sales tax increase had enlarged the revenue from that source by only \$6 millions, but it is expected to be most effective in December, month of heavy merchandising. Receipts from all other taxes are off: customs from \$83 millions to \$64 millions, excise from \$37 millions to \$30 millions, income tax from \$66 millions to \$50 millions.

The drastic change by the present

Wanted

Manufacturing Executive

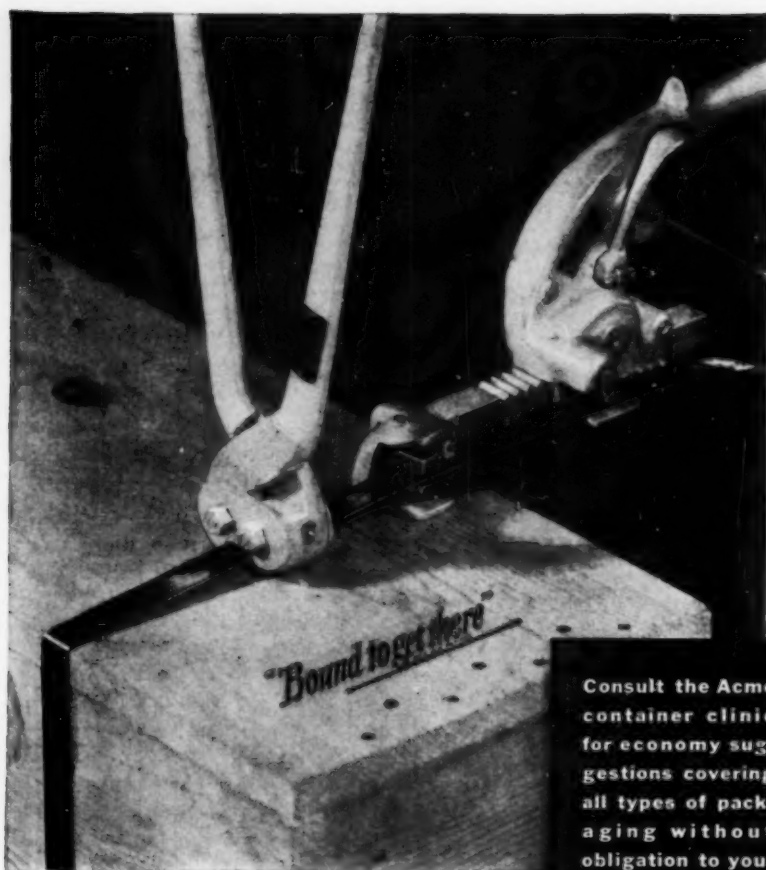
AN EASTERN corporation operating several plants and producing a wide variety of standardized and special equipment of an engineering character, desires the services of a capable and proven manufacturing executive.

The man sought probably holds a position as Vice President in charge of Production, or its equivalent. He should have vision, unusual organizing ability, a thorough knowledge of mass production methods, and has earned a reputation for sound thinking and skillful planning. Department production executives, factory superintendents or foremen will not be considered.

It is universally agreed that the industry in which this company has been engaged for a number of years is today at the threshold of tremendous expansion. This company is the unquestioned leader in its field. It is doubtful if any manufacturing executive has so bright a future as to make this proposition unworthy of his interest.

The prospective employer will be able from a complete outline of record and experience, including salary earned, to decide whether or not to invite a personal interview. A recent photograph of applicant is desirable.

All communications will be treated in confidence and returned if requested. Executives of this company have been informed that this advertisement will be published. Address Manufacturing Executive, Box 2, Business Week, 330 W. 42d St., New York.



HOW "X" COMPANY COULD CUT THEIR BID BY \$2,350.00

In these tight competitive times, Acme Nailless Band is a good thing to have on your side—not against you. It may make all the difference between landing a contract and losing it. Take, for example, "X" Company. By redesigning their box and using Acme Nailless Band, in accordance with suggestions of Acme engineers, "X" Company were able to cut packing and shipping

costs \$2,350 on a given volume. . . . The steel reinforcement of Acme Nailless Band cuts weight, adds strength, stops pilfering. . . . Acme tools make easy work of baling, boxing, and tying jobs of all sorts. . . . Send for booklet showing how Acme Nailless Band and Acme Equipment are saving money in all types of business where shipping costs count.

87

ACME STEEL COMPANY

General Offices: 2832-40 Archer Ave., Chicago



Branches and Sales Offices in Principal Cities

Conservative administration in the fiscal policy of the country, from medium to high tariffs, is the most serious factor in respect of national revenues. Hitherto the customs have been a chief source of federal income. By setting out to reduce imports to the minimum the government deliberately abandons a large part of that revenue. Something must take its place. The sales tax is proving inadequate. A considerable change in the whole taxation structure would seem to be indicated, consequent upon the altered fiscal policy.

Bennett's Dilemma

As a temporary expedient for next year, the income tax might be increased, but here the political factor impinges. Last budget time Mr. Bennett proposed for next year increases in certain grades of that tax but with reductions in the highest grades where rates running close to 50% were discouraging business and defeating the tax itself by driving money out of the country. Political criticism developed in a cry that the rich were being benefited and, in consequence, the whole revision was abandoned. To resort to it next session would be to invite a certain amount of ridicule.

Sales Tax Insufficient

The public did not object a year ago to the increase in the sales tax and would not complain about a further increase, but it would hardly serve. There is a possibility of Mr. Bennett's turning to something entirely new for Canada, namely, the turnover tax. H. believes it to be an equitable form of taxation, would have adopted it last session for this year but for a storm of protest from the business community. He concluded then that, in the depression, it was well to disturb business as little as possible. But, in view of the government's needs, he may be disposed another time to follow his own bent, and already the business community is beginning to organize resistance.

Railroad Deficit

Canadian National Railway adds to the government's financial problems. Interest on securities held by the public amounts to \$55 millions, of which none can be paid out of operating revenue, where, in fact, a deficit of something like \$10 millions is in prospect. Happily, however, the \$50-million C.N.R. loan, which just got under the wire before exchange broke, will lessen the burden on the national treasury. Altogether, the government faces a deficit of something like \$65 millions—nothing comparable with United States' \$1½ billions, but a sizeable problem for Canada.

Business Abroad—Swift Survey Of the Week's Developments

Distinctly better conditions in Britain and parts of South America are counterbalanced by the precariousness of the situations in Germany and Manchuria.... Britain is buoyant behind preliminary protective duties.... France is slumping.... Germany is virtually on the auctioneer's block.... Argentina is cheerful.... Japan is gloomy but determined, and winning broader approval of her policy.... Commodities are slightly down.... Export trade is "spurdy" due to a wave of new tariffs.... The outlook as a whole is slightly better, but with many uncertainties shadowing the horizon.

Europe's Tariff Epidemic Threatens World Trade

EUROPEAN NEWS BUREAU (Cable)—Immediate conditions in Europe have entered another period of marking time, but this new lull is distinguished by firmness, rather than weakness, in commodity prices. Near prospects are favorable rather than otherwise, with Germany expected to convoke the Young Plan committee before the end of the week, following the reaching of a Franco-German accord concerning methods of procedure.

Further prospects, however, are cloudy, focus largely around Germany's ability to continue foreign interest payments, and the effects on world trade of a new epidemic of tariff revisions. France suddenly has clamped a tariff on imports coming from countries which have depreciated currencies. Britain has adopted its "Abnormal Imports Bill" which gives the Board of Trade power to raise duties to 100% ad valorem on virtually all manufactures (exempting foodstuffs, the majority of raw products, and tobaccos) for a period of 6 months, pending the formulation of a permanent tariff. Turkey has declared an import embargo until January with closely limited contingents for all imports thereafter.

Britain's moves tariff-ward are of historical importance. Though in themselves they are only temporary, they probably mark the moment of England's permanent abandonment of her traditional free trade policy and entry into an entirely new economic era. They are

designed not only to stop short the invasion of pre-tariff imports but to cut to the bone all but the absolutely essential foreign purchases in an effort to restore England's national balance of payments, a prerequisite to fundamental stabilization of sterling (page 31).

It is expected that before the end of the week Germany will apply to the Bank for International Settlements for a convocation of the Young Plan committee to meet before the end of the month. France is expected to insist that there be no modification of unconditional reparations, but to offer to re-lend the proceeds to Germany during the period of the depression, but with additional new security. Also, it is believed that France has assented to a concurrent meeting of a bankers committee to examine the short term debt problem jointly with reparations, but with the understanding that, while France is prepared to take the recommendations of both committees under consideration, she is thereby in no wise bound, nor will she permit Germany to make *prima facie* case for nonpayment of reparations from inability of bankers and industrialists to pay private obligations.

There is sharp divergence of opinion between the British and the French. France is standing for the priority of reparations; England for the priority of short term obligations.

Markets—Commodities are irregular but seem to be working toward consolidation of their present positions following the week's reactions from recent highs. Wheat, which is governing the movement of other cereals, is again rising. It is expected that it will remain volatile until the southern harvests are in, though improvement in the broad statistical position seems definite. Estimates of the Russian surplus continue to be contradictory. The best London authority now places it at 40 million bushels below last year. Non-ferrous metals are strong; other prices are featureless.

Hoarding Practically Ended

Finance—The general relaxation of money, noted last week, continues with hoarding practically ended but with capital movements still dominated by primary considerations of security. Financial activity is at a standstill. Dollars are selling at a premium in Paris with the shorts, who were participating

in the recent bear drive, forced to cover. Pesetas are weaker since proposals were made to place the Bank of Spain under government control. The Prague conference, as expected, failed to coordinate practices in countries restricting exchange operations.

Foreign Trade—October figures, so far available indicate a slight expansion. According to the German Statistical Bureau, the decline in world trade indicated in the bureau's compilation for 48 countries halted during the second quarter of 1931 for the first time since 1929. Feature of the returns was the rush of imports to Britain and the third successive record German export surplus. The August surplus was \$77 millions, September \$86 millions, October \$94 millions. Though an analysis of Germany's October trade shows a wholesome expansion both of imports and exports, it is estimated that no less than 70% of the exports were to countries now subject either to an increase of tariffs (notably England, France, Belgium, Switzerland, Italy, and Poland), to currency depreciation (notably Scandinavia), or to trade-throttling exchange restrictions (notably Central Europe). All exporters hereafter will be required under heavy penalties to declare to the Reichsbank where proceeds are banked in order to facilitate enforcement of the German decree governing repatriations.

Britain Stage-Manages An "Era of Recovery"

Business is buoyant.... "Buy British Goods" program makes headway.... Foreign orders continue in good volume.... Pre-tariff protective duties allowed.

LONDON (Cable)—All Britain is buoyant. Rightly or wrongly, the country views the end of free trade as the opening of an era of recovery and the beginning of diminishing internal taxation.

With Lancashire and the north country still cheered by better export demand resulting from "off-gold" orders, and from the demand from anti-Japanese buyers in the Far East, London and Liverpool have been swamped with imports rushing in ahead of the tariff. Tilbury dockhands are too busy unloading German, and American, and Scandinavian cargoes to be fully aware of the increasing number of bulging bottoms which are still waiting to be unloaded.

In the midst of all this feverishly-

awaited and rather dearly bought "boom," the Empire Marketing Board has launched a nation-wide campaign to "Buy British goods (and remember) the Empire begins at home." War psychology tactics are being pressed into action, and not without effect. Bold posters appeal to the public from buses, trams, ferries. The royal salesman, the Prince of Wales, has broadcast a national appeal keyed to the slogan "Buy British Means Sell British."

J. H. Thomas, Minister for the Dominions, is publicizing an "Empire economic tour," to be sponsored by the government in order to coordinate Empire resources—the first step in the concerted new policy to play up the Empire, possibly to remold all old inter-colony trade treaties. The British are imbued with a new wave of imperialism and are attempting to develop their ideal of a self-contained empire functioning as a single economic unit.

In the midst of the first week of the campaign, the government's decision to introduce an immediate anti-dumping measure was acclaimed with enthusiasm. It is only a temporary expediency measure, but to Britishers it means that the government's promises during the campaign were sincere, that a tariff can be expected as soon as it can be worked out (page 31).

Abnormal Imports

In recent weeks, articles such as plate and sheet glass, knives, instruments, vacuum cleaners, the normal annual import of which approaches £28 millions, have been pouring into British ports at the rate of £35 millions. Virtual prohibition of such a deluge of foreign produce is provided in the 100% emergency tariff which, at the same time, is not expected to raise the cost of living since it will be allowed only on manufactured articles already produced in Britain or in the empire.

To the worried exporters in a dozen countries now selling to Great Britain, Walter Runciman, young-looking and athletic new president of the Board of Trade, has declared that the government's sole aim in the emergency duties is the maintenance of British trade and commerce. But he does not define the exact tariffs on various articles and that uncertainty is likely to be the greatest hindrance to foreigners doing business with Britain during the winter interval.

Lancashire continues to show a gain in export orders as a result of the Far Eastern situation and depreciation of the pound, with related industries benefiting from the textile boom. London is expecting new financing soon due to

reviving exports, but clearing banks still show no demand for funds. The decline in deposits, however, definitely has been checked, indicating a revival of confidence. There is no longer any tendency toward hoarding.

The new life which has come to industry in the northern part of Britain is regarded most hopefully. Even if Japan, by a settlement with China or a departure from the gold standard, nullifies some of the advantage now enjoyed by Lancashire, the cotton mills and dependent industries have had a stimulus sufficient to enable many of the problems of reconstruction to be tackled in a new spirit.

France Slashes Imports With Rush of New Duties

Further depression. . . . Avalanche of fresh import restrictions. . . . Clever device avoids tax increase. . . . France holds out for reparations priority over debts in German consultation.

PARIS (Cable)—The rapidity with which the depression is deepening is best indicated in the 17% rise in the week's register of unemployed which is causing Premier Laval to make relief measures among the first acts to be considered when Parliament reassembles.

The seemingly endless additions to French import restrictions imposed hastily in recent weeks are to be further multiplied both for the sake of protectionism, and for the additional revenues they will bring to the budget. The 2% import tax, which is to be added to present duties, will not be applied to raw materials, but it will increase to 4% on semi-manufactures, and to 6% on manufactures, while a sudden decree law effective Nov. 14 already has subjected imports of countries of recently depreciated currency to countervailing surtaxes ranging from 15% on products from England, Mexico, and Sweden, to 10% on those from the Argentine and Uruguay, and 7% from the British Indies. Specially exempted are the normally duty-free commodities from certain countries.

The 1932 budget bill has been announced. It is limited to the April-December period instead of to the usual full year. And by maintaining, practically, last year's total, virtually a full year's revenue must be collected against only 9 months of expenditures. By this device, and by further raiding reserves intended for government enterprises, the budget has been balanced,

without increased taxes, at 41 billion francs, but if extended to 12 months at this rate, this is equivalent to a 3% increase over last year's record \$2 billion program. With the prospect of an \$80 million deficit in the current year, it is highly improbable that expenditures in 1932 can be kept within the limits, all of which makes treasury financing in France, as elsewhere, and an increase in the already monumental public debt, appear inevitable.

It is apparent that in the opening session of the Franco-German commission, economic collaboration on both sides has worked toward conciliation. Four sub-committees are to schedule meetings, one devoted to commercial relations, the second to transportation, the third to economic interests, and the fourth for cooperation on foreign markets. They are to meet in Paris on Dec. 18. The success of the plan to go after foreign markets may hold the key to the whole reparations problem, whose logical solution, as previously expressed in these cables, implies ultimate French financing of German industrial production, directed toward an export drive on foreign markets which will enable Germany to earn a foreign income with which, not to pay, but to transfer, reparations.

German Advance Planning Hampered by Uncertainty

Business harassed by uncertainty of the future. . . . Hitlerites gain in internal politics. . . . New wave of wage cuts. . . . Gold cover drops to precarious low. . . . Foreign exchange leaks attacked again. . . . Young Plan reconsideration imminent.

BERLIN (Cable)—Business is operating on a hand-to-mouth basis, is unable to plan even a few months ahead, pending settlement of momentous international issues. A further sweeping victory of the Hitlerites in the Hesse state elections stresses the precariousness of the present internal political equilibrium. The lack of information regarding the economic program, drafted in great secrecy by the President's advisory committee, adds general uncertainty. A new wave of wage cuts, including a 4½% reduction for railway employees, followed by no further price declines, is increasing social tension.

In spite of the new record October export surplus of \$94 millions, the Reichsbank shows a gold loss for the second week of November of \$17 mil-

lions, though this does not contain the mid-November transfer of the 15% instalment of mark balances. The unsatisfactory repatriation of export proceeds still is mainly responsible for the unbalanced foreign payments. The government is planning a more rigid system of export control, obligating shippers to deliver a counter value on all exports to the Reichsbank within a specified time.

Boerse Still a Problem

Though the main objection to the resumption of normal stock and bond trading was removed, following the decree blocking mark proceeds on security sales for foreign account, reopening of the Boerse is doubtful in view of the fear of mass liquidations and the subsequent routing of an unsupported market. Following the denial of plans for compulsory bond conversion, the unofficial bond market recovered, the normal spread of prices being 8%, and other bonds were reestablished at better levels. The price drop on German dollar bonds abroad after prohibition of purchases by German nationals confirms the belief that previous buying was largely on German account.

The feeling is growing that the Basle agreement should be prolonged 3 months, allowing time for negotiations for final settlement.

Germany's foreign exchange situation is serious, if not critical, in view of the very limited gold reserve of the Reichsbank (roughly 12%). The situation really suggests that a German moratorium on the transfer of even the mark balances under the Basle "standstill" agreement may become necessary.

In the meantime, Berlin is anxiously awaiting the outcome of Franco-German conferences which are paving the way for a full consideration of reparations, possibly short-term loan, obligations.

Manchurian Crisis Affects Our Trade

Business further curtailed because of unsettled situation in Manchuria. . . . World sentiment swinging to Japan's side. . . . Japan's exports drop to year's low.

WHILE Manchuria's political destiny is hanging fire in the League of Nations Council meeting in Paris, heavy fighting is continuing in Manchuria between Chinese and Japanese forces.

Outstanding military developments

of the week: (1) concentration of both Chinese and Japanese reinforcements in Tsitsibar area; (2) refusal by Japan to withdraw until China recognizes the famous 5 demands advanced last month by Tokyo; (3) evident shifting of general world sympathy toward Japanese view.

Outstanding economic developments:

China—Boycott of Japanese goods is spreading. In Shanghai alone, imports from Japan are reported to be off 75%. Japanese-owned cotton mills in Shanghai area—with 1,821,000 spindles compared with Chinese-controlled mills with 2,499,000—are being forced to close. Orders are being cancelled. Japan's investment exceeds \$5 millions. More than 60,000 Chinese workers are jobless as a result of the boycott.

The United States is affected in 2 ways. With British manufacturers, American textile mills are receiving large orders formerly going to Japan. On the other hand, Japanese mills in China were large purchasers of American raw cotton.

Japan—Due to generally unfavorable conditions in the Far East, foreign trade in October declined to the lowest figure for the year. The export excess for the month was \$10 millions, reduced the year's unfavorable balance to \$28 millions. The value of raw silk shipments increased in October, owing to more activity in the American market and the firmer tone in prices, but practically all other important export commodities registered declines.

Latin America Generally A Little Better

Conditions slightly better. . . . Argentina still bright spot. . . . Uruguayan exchange improving. . . . Federal Reserve to be represented at Lima banking conference.

THERE is a feeling in banking and export circles this week that the South American economic situation is mending. Demand in Rio, Buenos Aires, and Montevideo particularly, for larger imports and for dollar exchange, increased. And, with slightly better prices and heavy exports, more exchange was available. Most Latin American bonds, however, were down, probably in reaction with the general relapse in speculative interest this week.

Two pending events are attracting wide interest without arousing too many hopes for immediate valuable results. The meeting in Lima, Peru, on Dec. 2

FACTORIES AND SITES IN ENGLAND

American Manufacturers desiring to do "Business as Usual" in England may have to consider the establishment of branch plants in that country in the near future to avoid possible tariff charges.

The Great Western Railway of England has a list of excellent locations offering the undermentioned advantages, and will be pleased to supply Manufacturers with full and detailed information upon request.

- ◀ LOW PRICED LAND
- ◀ FAVOURABLE LOCAL TAXATION
- ◀ ECONOMIC LIGHTING AND POWER
- ◀ AMPLE WATER SUPPLY
- ◀ ACCESSIBILITY TO RAW MATERIALS
- ◀ SUPPLY OF INEXPENSIVE SKILLED LABOR
- ◀ AVAILABILITY OF SHIPPING FACILITIES
- ◀ GOOD RAILWAY CONNECTIONS WITH ACCELERATED FREIGHT
- ◀ TRAIN SERVICES AND IMPROVED MOTOR TRUCK DISTRIBUTION

The Great Western Railway Services are in touch with the principal ports and act as arteries of the agricultural region, England's coal fields, industrial and manufacturing districts.

LET THE GREAT WESTERN RAILWAY OF ENGLAND HELP YOU TO DECIDE UPON THE SITE FOR YOUR ENGLISH PLANT.

Full Information from

C. Rayner-Smith, Gen. Agent,
Great Western Railway
of England

500 Fifth Avenue, New York, N. Y.
(Phone Longacre 5-7091)

**GREAT
WESTERN
RAILWAY**
of England and Wales



OLD IRONSIDES

A paper characterized by the staunchness of the Constitution, fondly called "Old Ironsides." As always in a paper for ledger use, the inherent strength of the old craftsmen should prevail. The sturdiness of strong new rags; the durability that results from careful paper making; the staunchness that is the result of honest workmanship and old ideals of manufacturing; brought up to date by the best of modern methods; these, with a perfect surface, smooth, yet velvety, make *Old Ironsides Ledger* an unchallenged leader among the moderate priced ledger papers.



GILBERT PAPER COMPANY
Menasha, Wisconsin

of representatives of 5 central banks—Peru, Chile, Bolivia, Colombia, Ecuador—will be attended by Prof. Edwin Kemmerer who has been attending physician" to each at some time in the past. Also to attend are 2 official representatives of the Federal Reserve System though, it is thought, more as a courtesy than because they will take an active part in the meetings.

Export Meeting Scheduled

The second is the meeting planned for Dec. 1, in Montevideo, of government representatives of Argentina, Brazil, and Uruguay, for the purpose of forming a united economic front for the protection of their export trade.

Also significant is the inability of the world copper conferees to agree to reduce production to 26% of capacity, with the result that copper again is weaker. Chile and Peru are primarily affected, will await word from Belgium where final decision is likely to be reached. Added to the growing prospect of a high American tariff, the outlook for South American exporters is unfavorable.

Argentine Exchange Up

Despite a setback late in the week, Argentine exchange, which improved 12½% in the first half of November, has risen sufficiently to cause the government to relax its pegging efforts. With the rise in exchange, wheat prices fell 13%, corn 12%, and flax 10%. Gold cover is down from 53.39% last week, to 51.89%.

In Brazil, exchange is steady, the market has improved, commodities are steadier. Uruguayan exchange is up. The National Administrative Council has decreed new restrictions against the exportation of Uruguayan bond coupons for collection abroad in foreign currencies, resident bondholders having made large profits by the differences in exchange.

Ecuadorian Tariffs

Ecuador has granted to its President authorization to increase tariffs a maximum of 50% or to reduce the rates as much as 30%. The Cuban Senate has passed a bill proposing a reduction in tariff on oil derivatives, which would withdraw protection from Cuba's one oil refinery, a \$6-million Standard Oil property. At the same time a sales tax is proposed which will net the government a larger revenue.

A mixed committee representing the Foreign Ministry and other departments of the Mexican government has been named to draft a trade treaty which is to be proposed by Mexico to all the countries having diplomatic relations with it.

The Figures of the Week And What They Mean

The business horizon continues cloudy with few signs of light for the immediate future. . . . October employment and payrolls continue to shrink. . . . Wholesale and retail food prices declined slightly from September. . . . Steel operations are holding steady with some difficulty in face of the small demand from all sources. . . . November building activity indicates an abrupt decline from October levels, with the possible exception of residential construction. . . . Electric power, carloadings, check payments, commercial loans joined in the general decline. . . . The *Business Week* index of general activity fell to 66.2% of normal compared with the revised figure of 67.3% during the first week of November.

STEEL ingot production has managed to maintain the 31% of capacity rate for the second week ending Nov. 16, though activity in important steel centers

fluctuates both above and below this level. Our adjusted index remains unchanged at 45% of normal.

Outside interests are wont to seek encouragement from the stability of steel operations, particularly since the last quarter of the year is usually conspicuous for sharp curtailment of output. Others are more chary in their enthusiasm in view of the general low level of activity and the continued sluggishness of demand from every quarter. Districts such as Youngstown and Cleveland are reported to be feeling greater activity than the country as a whole, since these centers are receiving such automobile buying as is available. Lack of structural and other heavy tonnage awards has caused serious curtailment at Chicago.

The prospects for December are obscured by the uncertainty of activity in the automobile industry. Much hinged on the plans of Mr. Ford, whose long awaited orders failed to materialize in

the middle of November. Production of cars in the current month may not exceed the meager October estimate of 86,328 units. But the delay does not eliminate the large volume of orders expected from the automotive industry. It merely defers them to December, or possibly January when the usual seasonal rise in motor production occurs.

This willingness to throw out the last few weeks of 1931 as offering small prospects for improvement and to place greater faith in the first quarter of 1932 is also bolstered by the probability of rail buying by that time, the postponement of some structural projects until January, a seasonal expansion of tin plate, and some pipe line demand.

Building activity in November is expected to be less than in October, but the decline indicated by the contracts awarded in the first half of the present month is considerably greater than expected. Total awards aggregated only \$70,150,800, which on a daily average basis equals a 31.5% decline from the October level and a 42% decline from a year ago. Our adjusted index for the week of Nov.*13 declined to 47% of normal compared with 49% and 50% the preceding 2 weeks.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY.....

Production

Steel Ingot Operation (% of capacity).....	31	31	43	67
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis).....	\$9,104	\$9,305	\$12,182	\$18,460
Bituminous Coal (daily average, 1,000 tons).....	*1,299	†1,336	1,765	1,943
Electric Power (millions K.W.H.).....	1,623	1,628	1,713	1,621

Trade

Total Carloadings (daily average, 1,000 cars).....	120	123	147	169
Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	80	81	94	106
Check Payments (outside N. Y. City, millions).....	\$3,030	\$3,816	\$4,584	\$5,464
Money in Circulation (daily average, millions).....	\$5,533	\$5,550	\$4,498	\$4,821

Prices (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.).....	\$.62	\$.60	\$.67	\$ 1.12
Cotton (middling, New York, lb.).....	\$.065	\$.067	\$.111	\$.163
Iron and Steel (STEEL composite, ton).....	\$30.63	\$30.63	\$31.86	\$35.52
Copper (electrolytic, f.o.b. refinery, lb.).....	\$.067	\$.068	\$.094	\$.139
All Commodities (Fisher's Index, 1926 = 100).....	68.5	68.3	82.2	93.7

Finance

Total Federal Reserve Credit Outstanding (daily average, millions).....	\$2,073	\$2,141	\$1,038	\$1,414
Total Loans and Investments, Federal Reserve reporting member banks (millions).....	\$21,033	\$21,147	\$23,435	\$21,952
Commercial Loans, Federal Reserve reporting member banks (millions).....	\$7,573	\$7,643	\$8,763	\$9,058
Security Loans, Federal Reserve reporting member banks (millions).....	\$5,848	\$5,867	\$7,904	\$7,070
Brokers' Loans, N. Y. Federal Reserve reporting member banks (millions).....	\$775	\$831	\$2,185	\$3,399
Stock Prices (average 100 stocks, Herald-Tribune).....	\$102.51	\$104.59	\$140.71	\$147.80
Bond Prices (Dow, Jones, average 40 bonds).....	\$85.80	\$85.89	\$95.50	\$95.89
Interest Rates—Call Loans (daily average, renewal).....	2.5%	2.5%	2%	4.5%
Interest Rates—Prime Commercial Paper (4-6 months).....	4-4½%	3½-4½%	2½-3%	4.5%
Business Failures (Dun, number).....	531	515	495	445

*Preliminary

†Revised

Residential contracts fared best with a total of \$22,308,500, which was somewhat larger than the awards for public works and utilities. The decline of nearly 13% from the October daily average of residential awards was the smallest decline reported for any of the 3 groups. Public works contracts declined 37.4% from the preceding month, since only \$21,850,600 of awards materialized. The greatest volume is still represented by the non-residential group with a total of \$25,991,700, but this represents a 38% decline from the October daily average. A revision in this group during October lowered the non-residential contracts awarded for the month to \$99,092,400.

Coal Production

Bituminous coal production during the week of Nov. 7 suffered from the effects of Election Day, so that the daily average declined to the lowest level since the close of September. Our adjusted index declined from 60% to 56% of normal.

The failure of electric power production to expand in the customary manner is disappointing. Our adjusted index for the week of Nov. 14 moved from 81% to 80% of normal. Analysis of the September sales of power by the National Electric Light Association reveals that only domestic service and municipal street lighting are making any gains over the preceding month. Domestic consumption of electricity increased 8.5% over August, while consumption by large commercial users declined 4%. Compared with a year ago, the increase of 8.7% shown by domes-

tic consumers in September has lost ground compared with the August gain of 10.4%, while the loss of 4.7% reported in August for large commercial users has now become a decline of 7%.

The November decline in carloadings was not avoided this year in spite of the failure of shipments to reach any real peak in October. Coke loadings alone moved against the downward trend, while grain and grain products again showed an increase compared with the same week of 1930. Our adjusted index based on miscellaneous and less than carlot freight declined from 66% to 65% of normal for the week of Nov. 7.

The meager totals of check payments in the past 2 weeks were partially due to the fact that only 5 business days were available in many centers. For the week of Nov. 11, the 20.6% decline from the preceding week brought the volume of check payments to the second lowest level of the year. Only the Labor Day week recorded a smaller volume in the 140 cities outside of New York. The adjusted index declined to 67% of normal compared with 70% the preceding 2 weeks.

Currency circulation during the week of Nov. 14 made a modest decline in line with seasonal expectations, so that our adjusted index remains unchanged at 37% above normal. Since the close of March when the steady and rapid increase in these figures began, there has been a gain of over 20%. The report of the Federal Reserve Board discloses that 512 banks were suspended in October with deposits in excess of \$566 millions. This compares with 305

The Index

The weekly index of general business activity, first of its kind, is compiled by *The Business Week* from 8 series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation see *The Business Week*, May 7, 1930, p. 39.

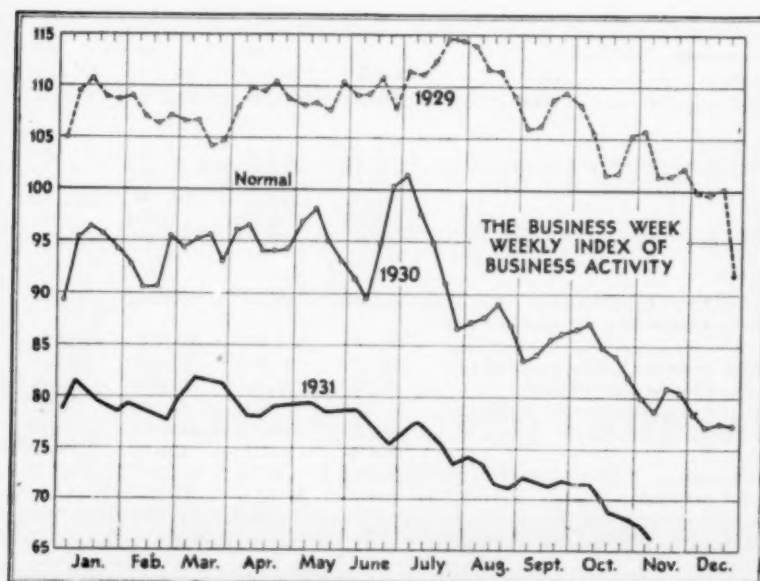
in September having deposits of more than \$237 millions. In all 1921 only 502 banks were suspended.

Commercial loans resumed their downward trend during the week of Nov. 11, so that the volume outstanding is now 10% less than during the first week of January. In the same period, Fisher's commodity index declined 12.5%. The adjusted index of loans is now 5% above normal compared with 6% above the preceding week.

Commodities

Leading commodities were under pressure in the past week as the support of the first week of November faded. Wheat prices receded from the recent highs, but are still above those of a month ago. Our weighted price of Kansas City wheat for the week of Nov. 13 is now only 5¢ under a year ago, having shown a steady rise since the beginning of October. Cotton and silk prices have softened slightly. Consumption of cotton in October was practically the same as in the preceding month, and nearly 20,000 bales greater than a year ago. Corn prices have been firmer than wheat. Hides, coffee, sugar, and cocoa moved downward, while rubber showed signs of strength. Steel scrap is firmer at Pittsburgh.

The failure of the copper producers to come to any agreement on the curtailment of output brought out renewed weakness in copper prices with offering made at 63¢ a pound delivered. Lead, zinc, and tin showed little change, with business quiet. Silver declined sharply from the peak of 37½¢ reached on Nov. 11, closing Nov. 18 at 29½¢.



Trends of the Markets

In Money, Stocks, Bonds

The banking system's reports for the week are more favorable than for some time, though they could be bettered in several aspects. . . . Stock and bond prices reacted downward as the speculative enthusiasm which whipped them up subsided.

Strain on Bank Eased As Currency Declines

BANKING strain tended to ease further this week. Evidence continues to pile up that the alarming trend of a few weeks ago has been reversed. Comparisons on a broader basis, however, show that the situation, while highly encouraging, is still some distance from desirable.

The evidence presented is to be found in the weekly banking reports, which cover the nation's banking system in the aggregate. But close analysis shows some unfavorable situations. The statement that strain is decreasing must, therefore, be taken as favorable but with limitations.

For the week the sources of money exceeded the demand. Thus there was, for the second consecutive week, a gain in monetary gold and a considerable decline in currency. To these were added an increase in the Treasury's cur-

rency and re-investment of foreign funds. This supply permitted the further retirement of Federal Reserve credit which had been drawn upon in the crisis. In addition to the retirement of Reserve credit a small addition to member bank reserves resulted from this development.

Bank credit still remains on a basis which will bear careful attention. The reserves of banks are at the 1925 level, while their credit apparently is at a 1927 total, so that the proportion of reserves to deposits has declined. Part of this is explainable in the fact that the banks have utilized the excess reserves which they so long held.

For some weeks member bank credit has been declining rapidly, a development entirely to be expected given the situation and the relative position of bank credit to business activity and prices. Liquidation of bank credit, however, is painful. Either loans must be paid off or investments must be sold. Both business and the security markets are inevitably affected.

Rates Slightly Easier

Money rates in the week were slightly easier, especially on bankers' acceptances. A strong demand exists for bills, while the supply is very slight. The result of this situation is an almost completely vanished market.

Most foreign currencies declined in terms of dollars. The steady drop of francs in the face of French gold supply is curious, possibly portentous. Britain paid off a little more of her debt, while the Reichsbank's statement for the week indicated new weakness in Germany.

Brokers' loans declined \$56 millions as the market went down. Loans for others virtually disappeared in accord with the new regulation, the banks assuming them. This led to an increase in bank credit.

Market Sentiment Shifts With Technical Reaction

THE speculative wave in the stock market which came in strong earlier in the month receded this week. Stock prices in the average were washed back to the point at which they started the month. The movement was part of the general ebb which prevailed along most of the price coastline. Trading volume remained at low levels throughout the week.

Railroad stocks lost most, were pulled back to within striking distance of the all-depression lows of early October. Industrials and utilities remain somewhat above that point, although, at the rate of decline during recent days, a testing of the Oct. 3 lows could become possible.

Stock prices in the average have now dropped slightly more than 50% of their gains since early October. That is



UTILITARIAN

The Business Week is not designed for entertainment.

It is not designed for leisure reading.

It is essentially a utilitarian service for active, serious business executives.

In type, in form, in style, in scope it is geared to a known audience.

THE BUSINESS WEEK

Are common stocks a good investment?

If you own common stocks, or if you are planning to invest in them, you need this book.

In it, an outstanding authority in the investment field shows the prospective investor how to formulate a general long-term investment program that will be attended by profits instead of headaches.

EVERYMAN AND HIS COMMON STOCKS

by LAWRENCE H. SLOAN
Vice-president, Standard Statistics Co.
306 pages, 5 1/2 x 8, \$2.50

THIS book outlines the essential investment tools that the investor must understand and utilize. It points out the pitfalls awaiting the investor and explains how the danger signals may be recognized.

Clearly and soundly it discusses the forces that make values—the forces that determine prices—it tells you when to go in the market and when to get out.

It is a book for everyone who wants to know the long-range possibilities of common stocks in the average investment program.

Fill in and mail the coupon below and a copy of EVERYMAN AND HIS COMMON STOCKS will be sent to you for 10 days' free examination.

FREE EXAMINATION COUPON

McGRAW-HILL BOOK CO., Inc.
370 Seventh Avenue, New York City

Send me Sloan—Everyman and His Common Stocks, postpaid, for ten days' free examination. I agree to send \$2.50 or return the book within ten days of receipt.

Name

Address

City and State

Position

Company B.W. 11-25-31

considered a technically adequate reaction. Loss of appreciably more ground from this point would be a bearish signal.

Reversal of Feeling

Causes for the general reaction are a re-realization of existing difficulties and a revival of doubt as to the near future. The speculative reaction was to be expected, but it has caused a reversal of sentiment as though it were unexpected.

The reaction and the decline in sentiment have been fed by several unfavorable factors. Liquidation continues its painful course. The inevitability of higher taxes, frequently pointed out by *The Business Week*, is now generally realized.

Foreign conditions, especially difficulties in Germany, cause new concern, while the temporary British tariff will not help American business. The railroad situation is essentially unchanged and, though volatile, the outlook is interpreted as being less favorable. Some tax selling is reported in the market. Announcement of plans for a central mortgage rediscount bank has not yet made itself felt in any way as a market stimulant.

through the week. The general position of bond prices relative to those of stocks remains unfavorable, as explained here last week. Very little in the actual developments of the day-to-day political or business news affected the bond market.

Foreign and rail bonds are following the curves of speculation to an even greater extent than other groups. This results from the increasing degree in which numerous issues in these classifications are losing their investment status. Among the foreign bonds recessions were particularly marked among German and Argentine issues.

All Classes Shared

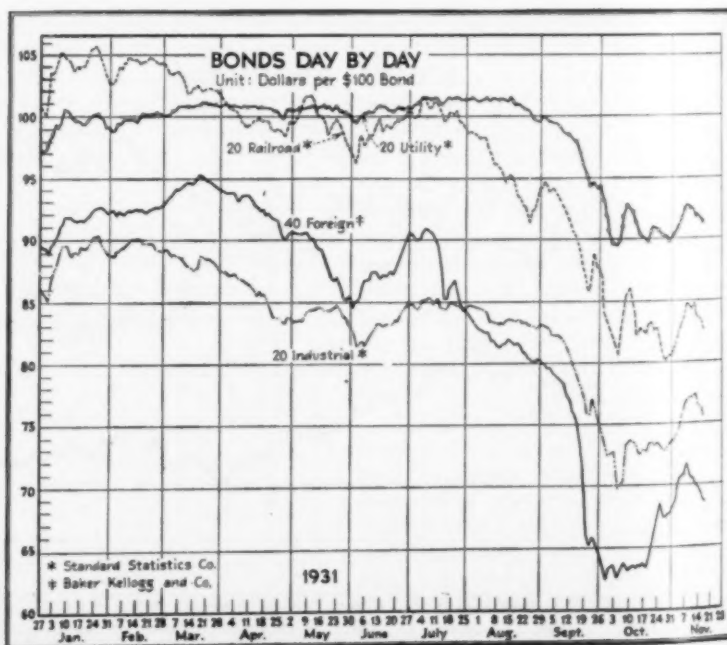
Bonds of all ratings experienced the downturn, and high grades fared little better than issues of lower ratings according to Moody's. Figures of that organization on the average yield on domestic issues of the various ratings show AAA bonds at 4.91%, AA at 5.57%, A at 6.84% and BAA at 8.88%. Yields on foreign issues are somewhat higher.

The beginning of operations by the National Credit Corp. showed no effect on bond prices, though some might argue that it lessened the decline. The fact is, however, that the Credit Corp. causes no demand for bonds, while the persistent liquidation of bank credit increases the available supply in the market.

The continuing slight easing of short term money rates affects bonds but little, being submerged by the other factors mentioned.

Bond Prices Slide Down Curve of Speculation

BOND prices have been affected by the reaction in speculative enthusiasm in the same way as stock prices. All groups turned downward and lost steadily



Depression Has Squeezed 4.4% From Our Savings

BEHIND the rather uninformative report on savings published by the American Bankers' Association this week lies the story of what the depression has done to the reserves of the individual, though bank failures tend to make it even gloomier than it really is. It shows that the individual, like the corporation, is living more and more on his fat, that some of the purchasing power he has used in past months has come from capital and not earnings, that there has been a depletion of his reserves tending to restrict buying to the minimum.

2 Million Depositors Lost

The A.B.A. report shows that savings on June 30 totaled \$28,214.9 millions, a decline of \$270 millions from June 30, 1930. But this measure of the drop ignores the amount that interest accruals should have added during the year. Figured at the ultra-conservative rate of 3.5% these should have totaled \$996.9 millions. So the total of withdrawals can be put at, at least, \$1,267 millions, or 4.4%. The number of depositors dropped about 2 millions.

The loss fell outside the mutual savings banks and the postal savings accounts. These gained considerably more than interest accruals, pointing to an increase in deposits.

By this measure, the present depression is considerably worse than that of 1921, which failed to interrupt the steady gain in amounts credited to individual depositors started in 1911.

Checking Accounts Down Too

Individual deposits subject to check also declined in the year ending June 30 (\$2,960 millions) as they have done steadily since 1928, and now stand somewhat below the total of 1926.

The Southern states suffered the heaviest loss in savings during the 12 months covered by the figures. The New England and Middle Atlantic states were least affected.

The extent to which bank failures influence the figures is not measurable, although doubtless it has exaggerated them to some extent. Since postal savings and mutual savings banks gained considerably more than interest accruals, the declines are confined to commercial banks and trust companies and it is among these that the failures occurred.

Savings reports for some states and districts in the period since June 30 indicate that the decline in savings has been accentuated since that time. However, the hoarding in recent months tends to make the figures unreliable.

★ "SERVING THE EMPIRE OF THE WEST" ★



WASHINGTON CREATES NEW OPPORTUNITIES

With the energy of robust youth the State of Washington builds for the future. New enterprises in agriculture, manufacturing and commerce are rising in supplement to the massive structure of her lumber industry. Hardly to be matched in the entire West are this state's opportunities for commercial and industrial exploits.

Interested in the future business prospects of the Empire of the West, we asked responsible spokesmen of Washington to project for us an industrial panorama of the Washington of the future.

"With her great treasury of natural resources, her favorable location for Oriental trade, and her extensive facilities for rail and water transportation, Washington's promise as the state of opportunity is clearly marked," say the men of Washington.

"During the ensuing decade we expect the population increase will exceed that of the last ten years, when it gained more than 15%. Partic-

ularly, greater gains are anticipated in farm population. In preparation, Washington is spending \$11,000,000 on the Kittitas reclamation project to open 72,000 acres to cultivation.

The Yakima-Benton project embracing 60,000 acres and costing \$16,000,000 will be completed before 1940, and a vast undertaking to irrigate 1,800,000 acres in the Columbia Basin is planned.

"In step with the forward march, \$90,000,000 is allocated for six new hydro-electric projects; \$6,000,000 for railroad extensions on the Olympic Peninsula; \$12,000,000 for bridges and public buildings; \$38,500,000 for highways and roads, exclusive of \$15,000,000 already authorized for a system which will girdle the state with a paved highway . . ."

★★★ As a regional banking institution, the Crocker First National Bank from the Port of San Francisco provides banking resources and facilities for the development of industry and commerce throughout the Empire of the West.

CROCKER FIRST NATIONAL BANK
CROCKER FIRST FEDERAL TRUST CO. • CROCKER FIRST CO
OF SAN FRANCISCO

THE BUSINESS WEEK

The Journal of Business News and Interpretation

November 25, 1931

In Unity, Strength

THE first and fundamental step in strengthening our banking structure is to centralize control over general credit conditions in the Federal Reserve system by requiring membership in it of all banks of deposit engaged in any form of interstate financial transactions. This would make it practically inclusive of all banking institutions of any importance, since the clearing and collection of checks, by which at least 90% of all business is done, inevitably involves every institution in some degree in banking transactions across state lines.

The interstate commerce clause of the Constitution provides ample authority for such exercise of Congressional power; but if this were not considered sufficient the constitutional authority conferred on Congress to regulate the currency certainly would be so, since deposit currency has almost wholly superseded ordinary currency in our modern business system and this is not now subject to any federal regulation save as the Federal Reserve authorities exercise it over their member banks under the Reserve Act and the National Bank Act. Suitable changes can be made in the capital subscription requirements to facilitate membership, and at the same time these may serve as a convenient means of eliminating some of the weaker or unnecessary institutions from the System.

There is no escape from such federal regulation of what has become the actual medium of exchange if we are to secure any stability in our monetary and credit system. The only alternative would be outright governmental banking, for which this country is certainly not prepared. In any case it is practically impossible to assure protection of bank depositors and provide adequate, elastic credit facilities for industry and trade without such centralization of control in the Reserve System. The chaotic and uncontrollable situation that has resulted from the existence of a national banking system along-

side a system of state member and non-member banks, the diversity of standards of bank regulation in the states, and the competitive discriminations that arise from these regulations have become an unendurable handicap to stable business progress. Certain minimum standards of banking practice uniformly applied throughout the entire commercial banking system of this country are essential to maintain public confidence and provide continuous credit facilities.

As Owen Young said last year in recommending to Congress this principle of compulsory unification of our banking system, the line "member of the Federal Reserve System" on a bank window must be made to mean something. It hasn't meant as much as it should largely because so large a part of our banking resources has been outside the influence of the Reserve System, so that the System itself has been unable to exercise effective control over general credit conditions and banking practices in the face of which the member banks themselves have been almost helpless. Anyone who understands the part played by banking policies in this depression will realize that bank failures are more than a matter of individual bank management, important as this is. During deflation periods the utmost that bank management is able to do is to convert its institution into a safe-deposit box. But this also is a bank "failure."

After all, the ultimate appeal for unification of our banking system and centralized control of basic credit conditions lies in the fact that credit is a public utility quite as important to the stability and security of modern economic society as is the continuous supply of electric energy, water, or transportation. While it should be left to private enterprise to provide, until such enterprise proves incapable of doing so, there must be some measure of effective control over it in the social interest.

Published weekly by the McGraw-Hill Publishing Company, Inc.
330 West 42nd St., New York City. Tel. MEdallion 3-0700.
Price 15¢. Subscription: \$5 a year; foreign, \$6; Canadian, \$7.50
Publishing Director, Jay E. Mason

Editor, Marc A. Rose	Economist, Virgil Jordan
Managing Editor, Ralph B. Smith	News Editor, Perry Githens
Marketing, O. Fred Rost	Finance, D. B. Woodward
Industrial Production, K. W. Stillman	Aviation, E. P. Warner
Foreign News, J. F. Chapman	Transportation, Wadsworth Garfield
Statistics, R. I. Carlson	Typography, F. A. Husley
Washington, Paul Wootton, Carter Field	Chicago, John Millar
European News Director, Elbert Baldwin	
7 Boulevard Haussmann, Paris	Cable Address, Busweek, Paris

member
k regu-
ve dis-
ulations
o stable
standards
through-
tem of
lic con-
ilities.
mment-
pulsory
ne line
" on a
ething
ely be-
sources
Reserve
een un-
general
in the
mselves
under-
cies in
failures
k man-
flation
ment is
a safe-
ure."
fication
control
ct that
tant to
onomic
electric
hile it
rovide,
doing
ve con-

T

B

BU
IN

pany, Inc.
3-0700.
an, \$7.50

Jordan
Githens
Woodward
Warner
Garfield
Huxley
Millar

ck, Paris

WEEK